

EUROPEAN NEWS

ENNIA nv

(Established at The Hague)

Shareholders are invited to attend the Annual General Meeting of Shareholders to be held in the "Residential" of the Promenade Hotel, Van Stolkweg 1 at The Hague on Friday the 2nd June 1978 at 10.30 a.m.

AGENDA

1. Opening.
2. Minutes of the meeting of 2nd June 1977.
3. Report of the Management Board for the financial year 1977.
4. Discussion and approval of the annual accounts for 1977 as confirmed by the Supervisory Board.
5. Notification of retirement and appointment of members of the Management Board.
By reason of reaching the age limit Mr. H. Gerritsen will retire from the Management Board at the end of December 1978.
At the end of December 1979 Mr. H. Buiters will likewise retire from the Management Board by reason of reaching the age limit.
The Supervisory Board intend to appoint Mr. P. J. M. Machielsens and Mr. J. F. M. Peters as new members of the Management Board with effect from 1st January 1979.
Mr. Machielsens is now General Sales Manager for the Netherlands and Mr. Peters is Finance Manager.
6. Appointment of Supervisory Directors.
In conformity with Article 14, par. 3 of the Articles of Association Mr. R. van den Bergh, Mr. J. Engelbriet and Mr. W. T. Kroese are due to retire by rotation. The Supervisory Board intend to reappoint the said gentlemen and to appoint Mr. H. Gerritsen as a new member of the Supervisory Board with effect from 1st January 1979. The Workers' Council is in agreement with these intentions. The appointments and reappointments will become operative if the General Meeting of Shareholders does not exercise its right to make recommendations and raises no objections to the proposals.
7. Vacancies in the Supervisory Board in 1979.
At the Annual General Meeting of Shareholders to be held in 1979 Mr. J. Bartels, Mr. G. Gerritsen, Mr. W. T. Kroese, Mr. A. S. Nolst Trenité and Mr. J. R. Smits will be due to retire.
Mr. Kroese will not be eligible for reappointment on account of reaching the age limit.
The number of vacancies to be fulfilled in 1979 is 5.
The Supervisory Board intend to reappoint Mr. Bartels, Mr. Gerritsen, Mr. Nolst Trenité and Mr. Smits.
8. Appointment of Auditors.
A proposal will be made to reappoint Moret & Limpert as Auditors.
9. Any other business.
10. General.

Holders of share certificates (BDRs) of the Company are also entitled to attend, and take part in the discussions, but they may not vote. Admission will be by presentation of written proof that their certificates have been deposited at the office of a member of the "Vereniging voor de Effectenhandel" in the Netherlands or, in England, at the office of "Algemene Bank Nederland N.V." in London.

The share certificates must be deposited not later than the 30th May 1978.

Holders of shares or share certificates (BDRs) may obtain free copies of the documents to be discussed at the meeting at the Company's offices in The Hague, Amsterdam and at the offices of Ennia Insurance Company (U.K.) Limited in London.

The Hague, 11th May 1978. Management Board

*The information required by law concerning the above-mentioned gentlemen is available for inspection at the Company's offices at The Hague, Amsterdam and at the offices of Ennia Insurance Company (U.K.) Limited in London.

Karamanlis changes economic Ministers

By Our Own Correspondent

ATHENS, May 10.

MR. CONSTANTINE KARAMANLIS, the Greek Prime Minister, today reshuffled his five-month-old Cabinet to take in two Liberal politicians who he appointed to key economic posts. It is considered the opening move by the Government to broaden the political spectrum of the ruling New Democracy Party.

Mr. Constantine Mitsotakis (60) was appointed Minister of Co-ordination, to supervise the economic sector, and Mr. Athanasios Kanelopoulos (55) was made Minister of Finance.

Mr. George Kallis (60), who became Minister of Co-ordination after last November's general election, has taken over the Foreign Ministry from Mr. Panayotis Papagouras, who resigned for health reasons.

Mr. Ioannis Bontos (43), until now Minister of Finance, replaces Mr. Athanasios Kanelopoulos as Minister of Agriculture.

The appointment of Mr. Mitsotakis as economic overlord reflects the Greek Premier's concern with the economy which has not been doing as well as expected.

Information regarding a ganging problem, the balance of payments has worsened and there has been a lack of investment.

Mr. Mitsotakis was a successful Minister of Co-ordination in the mid-1950s. His newly-formed Neoliberal Party won only 1 per cent of the vote in the general election and has two seats in the 300-member Parliament.

Mr. Kanelopoulos is a professor of Economics and served as Minister of Commerce in the caretaker Government formed after the collapse of the military dictatorship in 1974. He was Under-Secretary of Co-ordination in 1964-65.

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At the same time, 50 factories, including meat packing and lumber plants sprang up along the Selenga River Lake Baikal's main tributary, and the majority of them emptied raw sewage into the river as did the industrial city of Ulan Ude.

Indiscriminate timber cutting began to spread to steep slopes around Lake Baikal leading to water and wind erosion, a flow of silt into the lake, and the loss to the Baikal basin of a significant portion of its water regulating capacity. This upset the chemical balance of the lake which began to show increased quantities of sulphates, magnesium hydroxide and nitrates in its waters.

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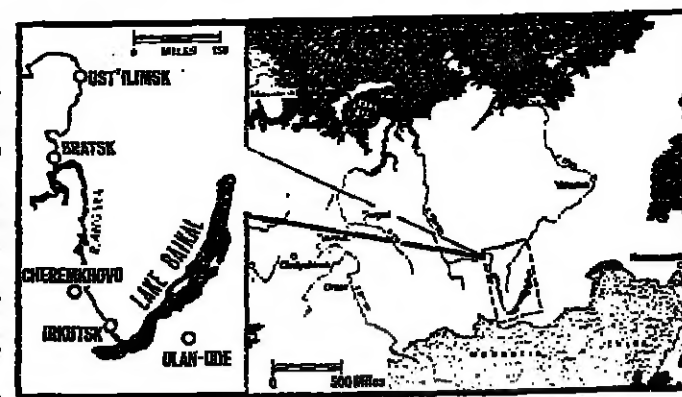
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David Satter, recently in Siberia, reports on Lake Baikal's problems



The Soviet fight against pollution

The gradual degradation of the lake has an effect on its plant and animal population. Mr. Yuri P. Parmuzin, a laboratory chief at the Institute of Limnology at Lake Baikal, said the lake has 2,000 varieties of fauna and flora which are found nowhere else and which even a small change in the lake's chemical make-up can kill.

Animals peculiar to Lake Baikal include the nerpa, the world's only freshwater seal, the omul, a salmon-like whitefish which is the lake's prize catch, and the golomyanka, a transparent fish that bears about 2,000 live young.

As industrial activity proceeded, fish stopped going into nearby rivers to put roe, the catch of Baikal Omul declined from about 10,000 tonnes to less than half that in 1957 and the nerpa population also declined.

The pollution of the lake appeared to be a continuous if rather slow process until plans were announced in the late 1950s for a major cellulose plant on the southern shore. The plan became evident, scientists and conservationists increased their efforts to call attention to the scattered protests from prominent scientists and public figures.

The fact that earlier including Prof. Pyotr Kapitsa, the physicist, and Mikhail Sholokhov, the novelist. The cellulose plant went into operation in 1966, despite the protests, however, well before its planned water treatment facilities were in order.

The operation of the Baikal pulp mill precipitated a confrontation between forces in the Soviet Government sympathetic to environmental protection and those anxious to push ahead with industrial development at all costs.

The plant was the only industrial enterprise on the lake's shore. But between 1967 and mid-1968, it poured 383 tonnes of black sludge consisting of fatty acids, methane, and organic sulphides into the lake, creating numerous islands of alkaline sewage, one of them 18 miles long and three miles wide. The Limnological Institute reported that animal and plant life near the plant had been cut by a third to a half.

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Swedish disposable income may fall

By David White

PARIS, May 10.

SWEDISH FAMILIES face a drop in their real disposable income for the first time since the war. This is among the 1978 forecasts for Sweden, presented in the latest report of the Organisation for Economic Co-operation and Development (OECD).

Sweden's immediate future, the report says, hangs on the speed with which world trade increases. If trade fails to accelerate, the Swedish Government will find it hard to keep up full employment at the same time as repairing the deficit in its current account.

Warning that Sweden may have in the end to follow other countries and accept a smaller use of industrial capacity, the OECD depicts 1978 as a year of consolidation.

On the negative side, gross domestic product is likely to stagnate, business investment to continue its decline and domestic demand in the private sector to drop by about 4.5 per cent. This is in contrast to the public sector, expected to act as more of a stimulus than last year. What with tax cuts, the Government's budget deficit is expected to be almost double last year's at S.Kr.33.5bn. (about £4bn.).

The current account of the balance of payments is likely to remain at last year's deficit level of S.Kr.14.7bn., the report says. But there is some good news for Swedish exports, despite a bleak outlook for shipbuilding and iron-ore mining. Improvements in productivity are likely to give Swedish products a better competitive position, helped by August's krona devaluation.

The productivity gain, forecast at 4 to 5 per cent, should also help to boost profits, especially in export industries. The expected drop in households' real income — of about 2.5 per cent — will occur despite a probable slowdown in inflation.

Inflation over the whole year is likely to be little changed from last year's 11.5 per cent., but the rate is expected to be on the decline after mid-year. Sweden may be able to hold down its unemployment rate, offering new local government jobs to compensate for a drop in factory workforces and a small increase in available labour. But it warns that underlying labour conditions may deteriorate, and criticises the kind of labour market support measures which have so far been taken. These include the third successive month in the major non-Communist industrial nations, according to OECD figures. It said consumer prices rose 0.8 per cent on average in March in its 34 member states. The figure was 0.7 in February and 0.6 in January.

The researchers at the Limnological Institute seem confident, however, that with the anti-pollution legislation and the lake's formidable self-cleaning capacity, Baikal is safe in its purity for the foreseeable future. Approximately in light of its beauty, and optimistically from the conservationists' point of view, the Lake Baikal district has been set aside for the future as a zone of recreation and rest.

The Berlin Institute says that lower increases in industrial productivity this year will mean the slower expansion of industry in all European Comecon countries, except Bulgaria. This is why agriculture will play such a key role in economic performance this year.

Raising animal production is the most difficult goal to achieve for European Comecon in farming, where gross output last year ranged from minus 8.3 per cent in Bulgaria and 3 per cent in the Soviet Union to 10.5 per cent in Hungary. In Poland, however, meat production sank 12 per cent since 1975 and exports of meat dropped 50 per cent. Per capita consumption of meat products ranges from 55 kilos in the USSR to 89 kilos in Poland and 81 kilos in Czechoslovakia and East Germany.

The highest increases in personal income last year were in Hungary and Poland (7 and 7.1 per cent) compared with 3.5-3.8 per cent in the USSR, Bulgaria, Czechoslovakia, and East Germany, the Institute says. But price increases were also highest in Hungary and Poland and were officially given as 5 per cent in Poland.

In foreign trade, expectations that the European Comecon countries could pay for their imports of Western plant and equipment by increased exports were dashed because of the recession in the West. Poor harvests meant that Poland had to buy \$4.5bn. worth of grain in 1977 while the Soviet Union is importing 13m. tonnes of grain in the same period.

The Soviet deficit in trade with Western industrial countries is said by the Institute to have risen from \$1.5bn. last year to \$2.5bn. this year. The agricultural and food processing sectors dragged down overall production performances.

The young Mr. Shevchenko, said he could give no details about his mother's death but the Soviet sources said her body was found in a wardrobe at the family apartment. A medical examination showed she had taken an overdose of sleeping pills, the sources said.

Mr. Gennady Shevchenko works in the Soviet Foreign Ministry

EUROPEAN NEWS

UNIONS FEAR EMPLOYMENT PACT MEANS REDUNDANCIES

France to spend £500m. more on jobs

BY DAVID CURRY

THE French Cabinet today decided to spend an additional Frs.4.33bn. (£500m.) this year on measures to prop up employment. The lion's share, Frs.3.5bn., will be devoted to paying for the national employment pact, first negotiated with the employers last year to encourage the recruitment of young people, and to finance the renewal of the pact in a form to be outlined next week after consultations with both sides of industry. The remainder of the money will be devoted to improving the machinery of Government employment policy.

The new expenditure will be paid for largely by stepping up the increase in the prices of petroleum products due to come into force on June 1. Petrol, is likely to go up by 25 centimes a litre. The tax levied on companies to finance industrial and professional training will rise from 1 per cent to 1.1 per cent of the wages bill.

The Government is also to issue a Frs.3bn. state loan. The terms have not yet been settled but last year's state issue linked the capital to the European unit of account. The Cabinet also approved the release of Frs.1.35m. in supplementary credits to compensate victims of oil pollution resulting from the wreck of the Amoco Cadiz in March.

The measures were presented in the form of a supplementary Budget. Other supplementary Budgets are likely to follow, since the original estimate of the public spending deficit of Frs.8.9bn. will almost certainly have to be doubled. The Government has promised to accelerate the improvement in purchasing power and benefits at the bottom end of the wages scale. But the original calculations were based, is likely to prove over-optimistic.

The main element in the employment pact was relief from a proportion of social security charges for companies taking on young people, coupled with industry's pledge to do its maximum for recruitment to enable the unemployment statistics to be stabilised during the run up to the general election.

M. Raymond Barre, the Prime Minister, promised in his economic policy statement to the National Assembly last month, that he would provide for 50 per cent relief of social charges for small and medium companies recruiting people below the age of 26.

Industry claims that the original pact provided jobs for 550,000 people. The unions argue that this was paid for by the laying-off of older workers and that a sharp increase in redundancies can now be expected. A number of observers doubt whether industry can comfortably absorb more manpower, without compromising the return to profitability, which Mr. Barre has said, is an urgent necessity.

The Cabinet decided to introduce early legislation to protect and increase shareholders' rights, and to improve the quality of information divulged by companies.

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Bonn may increase public spending

By Adrian Dicks

BONN, May 10.

HERR HANS MATTHOEFFER, the West German Minister of Finance, hinted today that the Bonn Government may be preparing itself for a further rise in the public spending deficit next year. Presenting a supplementary budget proposal worth DM33.5m. (£247m.), which the Cabinet agreed today, Herr Matthoeffer rejected "rigid formulae" in the area of public spending, and said he felt that pump priming must depend more on the current economic situation.

Including the supplementary budget's requirement of an extra DM705m. in borrowings, the total new public debt in 1978 is expected to be DM31.5bn.—up by DM1.0bn. from 1977. The figure drew predictable caustic criticism from Herr Franz-Josef Strauss, the Opposition Finance spokesman, who said the coalition Government was once again "taking refuge in debt."

Herr Matthoeffer defended the budgetary position as "not defensive, but one that offers assurances for the future." The majority of the supplementary estimate is to fund a DM314m. coking coal subsidy, and a DM340m. investment programme for coal—the latter figure being the Federal Government's two-thirds contribution to a DM500m. a year programme announced last month.

In addition, DM53.8m. is to be spent on assistance to the troubled Saarland steel industry, DM100m. on the capital increase being carried out by Salzgitter, the Government-owned steel company, DM57m. on smaller research and development programmes for steel, coal and energy research, and DM25m. on emergency aid to the hard-pressed fishing industry.

In another decision today, the West German Cabinet approved a programme which will make it possible for work on a part-time basis to be introduced among civil servants—a measure that Bonn hopes will help reduce the number of unemployed. As many as 160,000 new jobs may be created, according to the Interior Minister, Herr Werner Maihofer.

He explained that while the cost of a half-time job was about DM10,000 a year greater than that of one full-time job in the public service, this difference was no greater than the strain on the unemployment benefit and social welfare system of one person remaining jobless.

The more-seasoned players, such as Herr Josef Ertl, the West German Minister, and Mr. John Silkin of the U.K., appeared confident, sure of their strategies, well able to pace themselves through the endless cups of coffee and piles of briefcases.

Less experienced players, such as M. Pierre Mehaignerie of France and Mr. Poul Dalsager of Denmark, the Council President, appeared equally determined, but their staying power was yet to be tested.

The atmosphere ahead of the late match was subdued. The ministers were reported to be sleeping peacefully in their hotels, and Mr. Gundelach had retired with 20 or so officials and experts to the top floor of the council building to put the finishing touches to their proposals, laying down the ground rules.

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Danish ports blocked

ALL SEA TRAFFIC between Denmark and Sweden, Norway and East and West Germany was halted yesterday when fishermen using 1,800 fishing vessels blocked 20 ports for eight hours, writes Hilary Barnes from Copenhagen. Prime Minister Anker Jorgensen told the fishermen that the Government has suspended all consideration of measures to alleviate their problems. He said that the Government would not be forced into action by the protest and that the forces of law and order would be used against the fishermen if the blockade were repeated. Police yesterday merely restricted all vessels taking part in the blockade, with a view possibly to lodging charges later. The fishermen started the blockade at 8 o'clock in the morning after the Government refused to meet demands for bigger fishing quotas in the Baltic and financial assistance. Bitter skippers Page 38

THE EEC FARM PRICE REVIEW

Late-night tackles

BY MARGARET VAN HATTEM IN BRUSSELS

THERE WERE two big matches occupying the attention of Brussels last night: First, the European Cup final between Liverpool and Bruges, beamed from London and playing on all the television sets here. Then came the big north-south clash, the final round, it was hoped, in the annual EEC farm price review.

The nightlong farm talks have, over the years, become a part of the EEC ritual, and the fact that they took place last night was perhaps a reassuring sign that in spite of all the outward signs of intractability—also part of the ritual—things had not yet moved outside the bounds of normality.

The ministers were due to resume talks at 11 o'clock, when the Commission would table its final set of compromise proposals. There was no real reason why they should not have been resumed at a more civilised hour.

Since the negotiations had already dragged on for five months, no one could seriously claim that timing had suddenly become important.

But the price review gives the ministers a chance to step into the international stadium and play their well-rehearsed moves before the biggest audience many of them are likely to get.

So they will play it for all it is worth.

The more-seasoned players, such as Herr Josef Ertl, the West German Minister, and Mr. John Silkin of the U.K., appeared confident, sure of their strategies, well able to pace themselves through the endless cups of coffee and piles of briefcases.

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The

OVERSEAS NEWS

Major Japanese sectors cut production capacity

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, May 10.

LARGE SCALE scrapping of production capacity in four major Japanese industries will be carried out under a law passed today by the upper house of the Diet. Officially known by the unwieldy title of Emergency Measures Law for Stabilising Specific Industries Hit by Structural Recession, the new measure applies to shipbuilding, electric furnace steel making (but not integrated steel making), aluminium refining and artificial fibre.

Under it, the Government will provide emergency funds to companies which agree to scrap capacity by specified percentages over the next year or so. Precise details of scrapping programmes have yet to be worked

out but electric furnace steel capacity will be reduced by 18 per cent over the next two months. Apart from the four main industries covered by the law other sectors may be introduced after further studies by the Government. One other sector where big cuts are planned is urea fertiliser (production capacity to be reduced by 40 per cent).

The State-owned Japan Development Bank is to put up ¥10bn (\$44.4m) worth of funds to provide guarantees for loans to be made to companies participating in the schemes. Recession cartels concerned will be authorised by the fair trade commission normally has to approve applications for such cartels on a case-by-case basis.

The recession industries law is a somewhat watered down version of a measure proposed early this year by the Ministry of International Trade and Industry which would have given the government the power to compel the scrapping of facilities in certain industries and penalise companies declining to participate. Participation in the scheme, as eventually drafted, is voluntary and scrapping of facilities will be applied to the four industries specifically mentioned in the law. Applications for Japan Development Bank funds under the law are expected to start coming before the end of this month.

UNREST IN THE PHILIPPINES

Marcos's painful lessons

BY DAVID HOUSEGO, ASIA CORRESPONDENT, IN MANILA

FOR A DICTATOR as mindful of his public image as President Marcos of the Philippines, the last two months have been a painful experience. The campaign for the general election on April 7, the first real test of public opinion there has been in the five years since he imposed martial law, revealed a deeper resentment against his regime than either he or his opponents had expected.

Soon after that blow, Mr. Walter Mondale the U.S. Vice-President arrived in Manila to tell Mr. Marcos politely that a great many people in the Philippines and in Congress believed that there had been massive rigging of the election. He added there was little chance of Congress passing additional military aid allocations for the Philippines unless Mr. Marcos could project a less repressive style.

Neither event has shaken Mr. Marcos's firm grip on the country. But his hopes of a steady passage from martial law to a controlled but popularly elected government seem dim. He now stands a horse more difficult to manage.

The election has left in its wake a number of problems that will continue to trouble his regime. The strong burst of support that emerged during the campaign for the Opposition Laban (People's Power) Party in Manila—the only area which they seriously contested—reflected a genuine note of discontent. It sprang from resentment against the pace at which corruption has grown and the Marcos family and their associates have enriched themselves; dislike of the high-handedness with which Mrs. Imelda Marcos, the President's wife, has used her powers as governor of Manila; hostility towards the military for the brutality that they have often demonstrated in enforcing martial law; and a certain disenchantment that after over five years in which Mr. Marcos has held supreme power and in spite of the promises of his New Society movement there has been very little change in terms of a real improvement of living standards.

Mr. Marcos's old foe, Mr. Benigno Aquino, who would probably have won the 1973 election if Mr. Marcos had not put him in prison, has been capitalising on these grievances. Through behind bars on charges of subversion and murder, Mr. Aquino has managed to capture much sympathy by depicting himself as ill-treated but not intimidated. His success means that whether Mr. Marcos keeps him in prison or lets him free, he will remain a powerful challenger. At 48, he is still

younger than Mr. Marcos was when he first became president 12 years ago. The election has also left the military uneasy. The speed with which the Opposition campaign gathered momentum was a "nasty" shock to the military and to the business community. The military, strong in the eyes of the public, has seen the armed forces expand more than fourfold in the past five years. The lesson drawn is that further opportunities for public debate and dissent risk making martial law the focus of attack.

The military was deeply involved in the rigging that ensured Mr. Marcos a handsome victory. It is no coincidence that the first indignation that local elections—originally to have been held after the national elections—may be postponed to 1984 has come from the Secretary for Defence Juan Ona Enrile.

For Mr. Marcos the election neither fended off U.S. pressure nor has it guaranteed him a

Government troops shot dead 85 in a bid to rescue 37 hostages taken from a captured ferryboat in the southern Philippines, the Defence Department said yesterday. The hostages have still not been released. The Government's losses were 11 killed and 44 wounded in four battles on the island of Basilan, 350 miles south of Manila.

lethal Assembly. One of his major reasons for calling the election was the American argument that new aid appropriations could be got through Congress more easily if he could demonstrate that martial law was offset by a popularly elected legislature.

This is important because any settlement of the terms for American use of the air and naval bases in the Philippines would require Congressional approval of a larger military aid budget. But though there is little doubt that Mr. Marcos would have won the election anyway, the credibility of his victory has been undermined in the eyes of a Congress already suspicious of him because of violations of human rights.

On the other hand though Mr. Marcos in theory has all the powers he needs to make the Assembly his bidding, in practice a number of these elected members are being kept away from the interim Assembly as they step towards more accountable government. They include Secretary Paterno, the Minister for Industry, a handful of judges, and some powerful politicians now.

The difficulty concerned management of Kakadu National Park, where most of the territory's major uranium discoveries have been made.

Sadat offers to suspend Mideast peace effort

By Ihsan Hijazi

BEIRUT, May 10.

PRESIDENT Anwar Sadat of Egypt has offered to "freeze" but not altogether cancel his Middle East initiative as a compromise for ending the inter-Arab rifts which followed his visit to Israel last November.

This offer was reportedly carried last week by Mr. Jafar Numairi, Sudan's President, but was turned down by President Hafiz Assad of Syria who insisted that Mr. Sadat should abandon his initiative.

President Sadat was reported to have offered to suspend the joint political and military committees Egypt formed with Israel and to confine Egyptian contacts with the Israelis to the UN. He also promised to keep the Arab states informed about such contacts.

However Iraq has indicated it was not interested in any kind of Arab summit. Radio Baghdad has started a new programme beamed to Egypt which attacks President Sadat and his initiative.

Mr. Assad in a speech at a teachers' rally in Damascus yesterday launched the strongest attack against President Sadat's initiative. He said Arab interests had been in so much danger since the crusades.

President Nimaira has been on an Arab tour as head of the Arab League "solidarity committee" which is trying to arrange an Arab summit conference and work out a common Arab strategy on the Middle East problem.

President Sadat said this week after President Numairi reported back to him in Cairo that he was ready to attend an Arab summit.

Observers noted there is a new eagerness on the part of Mr. Sadat to improve ties with the Arab states. Meanwhile French troops of the UN peace-keeping force were today completing their redeployment in the Tyre area in southern Lebanon. At the same time the Palestine Liberation Organisation (PLO) has said it will take action against unruly elements who have been creating trouble for the force.

Reuter writes from Washington: President Carter is preparing to tell Israel at least 20 more F-15 jets to help win Congressional approval of his controversial Middle East aircraft package, the White House announced today.

A White House spokesman also said the President was prepared to give "sympathetic" consideration to any Israeli request going beyond the 20 extra planes contemplated.

He said Congress would receive a formal letter containing assurances from Saudi Arabia that the 60 F-15s Administration planned to sell it would be used strictly for defensive purposes.

Mr. Jody Powell, the White House Press Secretary said the President's action was based on a desire to avoid a bitter and protracted dispute over his plan to sell the 60 F-15s to Saudi Arabia.

The plan includes the supply of 15 F-15s and 75 F-16s to Israel, and 50 less advanced F-5Es to Egypt.

David Lennen adds from Tel Aviv: Israel tonight celebrates its 30th anniversary, with a formal torchlit ceremony in Jerusalem and dancing in the streets throughout the country.

The centrepiece of the celebrations will be a military display and fly-past in Jerusalem tomorrow morning. Today's soldiers will be joined by thousands of former underground fighters who have been invited to march in a demonstration of national unity.

More than 30,000 soldiers and police are on special guard duty to prevent terrorist attacks during the holiday.

By Our Own Correspondent JOHANNESBURG, May 10.

CHIEF KAISER Matanzima, the Prime Minister of Transkei, has announced today that he was cancelling his country's non-aggression pact with South Africa, following the break in diplomatic relations on April 10.

Mr. Matanzima said the pact was a "disgrace" to his country, and he would be allowed to Transkei territorial waters, even in emergencies, he said.

Transkei ends S. Africa pact

Transkei ends S. Africa pact

U.S. nuclear co-operation urged with Japan, U.K.

BY DAVID BELL

WASHINGTON, May 10.

THE U.S. should co-operate with Japan and possibly Britain on a full-scale nuclear fast-breeder pilot plant or risk losing forever the chance to develop new nuclear energy options.

This is the principal conclusion of a major report issued in Washington today under the auspices of the Rockefeller Foundation and written by Mr. John Gray, a senior employee at the Washington consulting firm of International Energy Associates Limited.

Mr. Gray conceded at a Press conference this morning that such a joint venture would mark a significant departure from the Carter Administration's current policy which is to ban much further commercial work on fast breeders, at least until the outcome of the two-year International Nuclear Fuel Cycle Evaluation, begun last autumn. A fast-breeder reactor is one that produces more nuclear fuel than it uses. Britain, France and the

USSR have prototype reactors of this type of about 250MW and already generating electricity.

The U.S. has a programme to build a 600MW demonstration plant at Clinch River, but President Carter wants to kill the programme.

The new report contends that the U.S. must continue work on demonstration fast breeders "as insurance against possible future resources depletion," and says that the U.S. is already behind most European countries, particularly France and West Germany.

Mr. Gray noted that the result of this is that "The United States is being left behind not only in the evolution of the technology but also in its ability to influence what is going on in the rest of the world." Demonstration plants of the kind proposed in the report would be on a large scale because they would produce plutonium for their own use they would be

much less vulnerable to proliferation terms than light water reactors which may be built around the world in much larger numbers.

The report envisages a joint scheme under which the U.S. and Japan would build three demonstration plants—two in the U.S. and one in Japan. The first in the U.S. would come on-line in the early 1980s and the other two by the turn of the century. They would be of commercial size, about 1,000 MW. But the U.S. would still have the option not to go ahead with a full-scale programme.

The advantage of choosing Japan and possibly Britain as partners would be that neither country is currently co-operating in the European fast breeder programme of France, West Germany and Italy. But both have long experience in the basic technology of their own. Japan has made good progress in building its 300MW Monju breeder prototype reactor and is extremely interested in the technology.

Mr. Gray said that new plants on the scale envisaged would be a natural successor to precursor plants like Clinch River or Monju. The Clinch River programme is still in limbo and plans are now under consideration for a larger alternative plant to the one originally proposed for Clinch River. Mr. Gray said the new plant would be a fitting prelude to a larger 1,000MW plant.

The report also calls on the U.S. to commit itself to a policy that encourages the development of proliferation resistant breeder technology. It calls for increased international co-operation in developing breeder licensing standards and procedures. At the same time much deeper consideration should be given to the need for "an international fuel cycle authority" to control the control of fissile material.

In contrast, the Brazilian document is radical, although contradictory in some aspects. The Brazilian bishops hope that as the largest delegation, they will be able to halt the conservative initiative.

The bishops' document reflects the changes of position of the Brazilian Church in recent years. Brazil is seen after the military coup in 1964 as the first of a number of Latin American countries in which a new type of regime has been imposed by the armed forces. The document says: "The political systems of the continent have been severely influenced by the doctrine of national security that, by giving absolute importance to the State, has diminished the security of individuals." And again: "The situation of injustice and violence which is the result of the dynamic of this process has led to the multiplication of violations of the most elementary human rights."

Struggle

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The White House had not pushed the reform proposals very strongly and, this morning, it

Interest limits 'should go'

BY STEWART FLEMING

NEW YORK, May 10.

THE U.S. should eliminate regulations limiting the amount of interest that banks and savings and loan associations can pay on deposits.

Mr. John Heimann, Comptroller of the Currency, urged yesterday.

The Comptroller's Office is one of the three national agencies responsible for regulating banking operations. State governments also have bank regulation departments.

Addressing a group of businessmen, Mr. Heimann said the regulations penalised "the people who could least afford to be penalised."

The regulations limit to 5 per cent the maximum interest a commercial bank can pay on a regular savings account.

Democrats reject delegate rule

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, May 10.

LEADERS of the Democratic Party today rejected a plan which, some had charged, would have made it more difficult for President Carter to be challenged in the party primaries and caucuses in 1980.

Members of the National Democratic Executive Committee voted tentatively in favour of some tightening of the rules by which delegates are awarded to candidates in primaries and caucuses, but considerable discretion is left to the individual states in determining their own regulations.

A small rumour had been caused at the start of the year when a party reform commission had proposed that candidates for the Presidential nomination be required to win a much higher percentage of votes in

primaries and caucuses before being entitled to delegates. This plan, which had been backed by some senior White House staff, a candidate Mr. Mark Siegel, the former liaison man between the Administration and the Jewish community, who resigned in protest against the President's Middle East policies a couple of months ago.

Current party rules recommended a general requirement that 15 per cent of the vote be obtained, but leaves application up to the individual state parties. The latest Gallup poll gave Senator Edward Kennedy of Massachusetts a lead in the esteem of party members, while it is delegates in the last month of the primary and caucus season when most delegates to a party convention are selected.

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Jamaica devalues, raises taxes

BY OUR FOREIGN STAFF

JAMAICA has devalued the Jamaican dollar and abolished the two-tier foreign exchange system introduced in April last year. The moves are part of a series of economic measures attached to a \$240m. loan which is being secured from the International Monetary Fund (IMF).

Mr. Eric Bell, the Finance Minister, said that the new rate against the U.S. dollar will be 135. This is a devaluation of 12.8 per cent on the old "special rate" of 135 and of 32.25 per cent from the basic rate of 105.

Mr. Bell told Parliament the Government would continue to move the exchange rate to maintain competitiveness and there were indications that the currency would be devalued by a further 15 per cent in the coming year.

The devaluation—the fourth in 15 months—followed the closure of the local foreign exchange market on Monday for an indefinite period. The Finance Minister also announced \$180m. in new taxes, affecting such items as petrol, cigarettes and alcohol.

The \$240m. IMF loan, which Mr. Bell said he hoped would be approved by the IMF Board within the next seven weeks, is desperately needed to shore up the battered Jamaican economy.

The economic problems of Jamaica, which has a population of 2m., have been fuelled by the performance of the island's main foreign exchange earners. Sugar production last year was 290,000 tons, the lowest for 30 years, and tourism, another pillar of the economy, has been in decline.

The bauxite industry has provided the only bright spot in the economy and is expected to perform well in 1978.

However, the severe foreign exchange difficulties which the country has been facing since last year the Bank of Jamaica's net foreign reserves were reported to have reached minus \$520m., have provoked the Manley Government to impose severe import restrictions.

The restrictions have angered Jamaica's partners in the Caribbean Community and Common Market (Caricom) and halted all attempts to set up the island's local business community for his

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Moslem minority flees Burma

MORE THAN 115,000 Burmese Moslems have crossed into Bangladesh from Arakan State in the last 10 days, our Burma correspondent reports. They are described by Burma as an ethnic minority but have been living in that country for several generations.

About 6,000 people cross the border daily and Bangladesh is giving them temporary sanctuary, but has protested to Rangoon and the U.N.

Mr. Moraji Desai, the Indian Prime Minister (above), and Mrs. Indira Gandhi

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Australian uranium talks

BY KENNETH RANDALL

CANBERRA, May 10.

MR. DOUG ANTHONY, Minister for Trade and Resources, announced tonight after eight hours of talks in Darwin that a compromise had been arranged in the latest of the latest crisis between the Government's plans for uranium mining in the Northern Territory.

The difficulty concerned management of Kakadu National Park, where most of the territory's major uranium discoveries have been made.

The park is on Aboriginal land and was to be managed cooperatively by the Aboriginal people, through the Northern Land Council, and the Government's National Parks Service. But Aboriginal representatives broke off negotiations in Darwin yesterday after Government Senators had threatened to delay passage of the legislation in support of demands for the Northern Territory's executive to have a say in the management.

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Transkei ends S. Africa pact

By Our Own Correspondent JOHANNESBURG, May 10.

CHIEF KAISER Matanzima, the Prime Minister of Transkei, has announced today that he was cancelling his country's non-aggression pact with South Africa, following the break in diplomatic relations on April 10.

Mr. Matanzima said the pact was a "disgrace" to his country, and he would be allowed to Transkei territorial waters, even in emergencies, he said.

Transkei ends S. Africa pact

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Peru austerity package aims to cut spending

By Nicholas Ashworth

LIMA, May 10.

IN AN EFFORT to cope with its fast-developing economic crisis, the Peruvian military government today came out with a new package of sweeping austerity measures aimed at cutting government expenses and increasing revenue.

The publication of the measures, which have been expected for several weeks, indicated that agreement in principle between Peru and the International Monetary Fund has been reached, or should be soon on a new stand-by credit arrangement.

A deal with the IMF would allow Peru—which has in the past few weeks fallen behind on many debt payments to international banks (although no default has been openly declared)—to patch together with the banks a rollover of debts, or an agreement by which they would prevent the Peruvian balance of payments from worsening.

Retail sales in April rose by 2%

WASHINGTON, May 10

RETAIL sales in April in the U.S. rose by 2 per cent, on a seasonally-adjusted basis, to \$63.56bn, the Commerce Department reported.

The April rise came after a downward-revised 1.1 per cent increase in March to an adjusted \$62.34bn.

Much of the increase occurred in sales by car dealers, which rose by 6.7 per cent, to an adjusted \$13.36bn, helping to increase durable goods sales by 4.9 per cent, to an adjusted \$21.7bn. Durable goods sales rose by only 0.7 per cent in March to \$20.7bn.

Sales of non-durables rose by 0.5 per cent, to an adjusted \$41.83bn, last month, after rising 1.2 per cent in March to \$41.64bn.

Compared to April, 1977, overall sales increased by 9.2 per cent, last month.

AP-DJ

NYC labour settlement dead-line set

NEW YORK, May 10.

THE U.S. Treasury Secretary Mr. Michael Blumenthal, said today that New York City leaders have agreed to set a May 20 deadline for settlement of the city labour contracts and other outstanding financial matters facing the city.

He warned that there was "a real risk of failure" to win Congressional approval for long-term loan guarantees for the city, unless progress were made soon in resolving labour talks and other problems facing the city.

AP-DJ

U.S. COMPANY NEWS

Phillip Morris raises bid for Seven-Up; ITT heads for records; Credit Suisse exercises CS-WW option Page 30

AP-DJ

BRAZIL Bishops move for change

By Sue Branford in Sao Paulo

BRAZILIAN bishops have reaffirmed their support for a progressive role to be played by the Church in preparation for a meeting later this year that will determine the position the Church takes in Latin America for the next ten years. At the beautiful convent of Italei, near Sao Paulo, 230 bishops met during April, and many of them renewed their commitment to a revolutionary teaching that is beginning to end the traditional attitude of the Catholic Church.

The bishops produced a document in which they state the positions to be defended by 42 of their number at the third general conference of Latin American bishops to be held in Puebla in Mexico in October. This conference will be defining guidelines for church action in the next ten years.

The last conference, held in Medellin in Colombia in 1968, elaborated a new radical doctrine, the so-called "theology of liberation." Third world underdevelopment is seen as the result of exploitation by the industrialised countries, and the need for structural change is proclaimed.

However, the initial document for Puebla, which was drawn up by Cardinal Dom Helder Camara, the Latin American Episcopal Council, under the guidance of Bishop Lopez Rodriguez, a conservative Colombian, and Father Roger Veque, a Belgian Jesuit theologian—is an attempt to abandon positions assumed in Medellin. It places clear limits on the church's involvement, indirectly condemning any action taken by the church in change the political and socio-economic structure of a country.

In contrast, the Brazilian document is radical, although contradictory in some aspects. The Brazilian bishops hope that as the largest delegation, they will be able to halt the conservative initiative.

The bishops' document reflects the changes of position of the Brazilian Church in recent years. Brazil is seen after the military coup in 1964 as the first of a number of Latin American countries in which a new type of regime has been imposed by the armed forces. The document says: "The political systems of the continent have been severely influenced by the doctrine of national security that, by giving absolute importance to the State, has diminished the security of individuals." And again: "The situation of injustice and violence which is the result of the dynamic of this process has led to the multiplication of violations of the most elementary human rights."

The driving force behind the new analysis was Dom Helder Camara, the "Red Archbishop of Recife in northeast Brazil. In 1967 and 1978, he led the struggle for human rights against the domination of the State. According to Father Joseph Coimbin a Belgian theologian, now working in Chile, no other bishop in the western world has been so consistently and so effectively influenced by the doctrine of national security that, by giving absolute importance to the State, has diminished the security of individuals." And again: "The situation of injustice and violence which is the result of the dynamic of this process has led to the multiplication of violations of the most elementary human rights."

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WORLD TRADE NEWS

French shipyards face new threat to order books

BY DAVID CURRY

PARIS, May 10.

THE ORDER-STARVED French shipbuilding industry faces a sudden deterioration in its position with the news that a Swiss concern, Alfa, is likely to be forced to cancel orders for small cargo vessels placed with French yards.

Alfa has been unable to raise the money to authorise work to begin on the 3,300 dwt vessels, of which eight were to have been built at the Saint-Nazaire yards of Chantiers de l'Atlantique, part of CGE's Alstom-Atlantique group, and four at the Nantes yard of Dubigeon.

Anticipation of the Swiss decision, Chantiers de l'Atlantique has cancelled its orders with sub-contractors and is shifting its 7,000 workforce from a 42-hour to a 34-hour week from August.

Dubigeon has shed 500 people over three years. Workers are likely to be retired as they reach the age of 55 years and 8 months, the technique which has been widely used in the steel industry.

Although Chantiers de l'Atlantique still has a significant order book there is almost nothing beyond the horizon of 1980. Due for delivery in 1978 are four 16,400 dwt container vessels for a French shipping group, a 4,700 dwt container ship for South African Marine, and a 20,200 dwt roll-on/roll-off container ship for a French customer.

In 1979 and 1980 two liquefied petroleum gas (LPG) ammonia carriers will be delivered to the Arab Maritime Petroleum Transport Company and two liquefied natural gas (LNG) carriers to the Algerian National Shipping Company as well as a 550,000

super-tanker for the French Compagnie Nationale de Navigation.

It is negotiating with a French company to build two refrigerated container vessels to carry bananas but will probably have to build them for its own account and lease the vessels for 15 years at about Frs20m. a year each.

Dubigeon's books at its Nantes yard carry three 30,500-dwt chemical carriers for delivery over the next two years and two vehicle carriers. The company also has on its hands the two submarines ordered by South Africa whose sale was forbidden by the French Government in response to the United Nations arms embargo.

The French Government is trying hard to work out a formula to restructure French yards and to reduce capacity, but has made little progress since its ideas do not coincide with the pattern of alliances favoured by the yards. The main collaborative venture is between Chantiers de l'Atlantique and Chantiers de l'Atlantique.

French yards' order books reached their thickest in 1975 at 6.1m. gross registered tonnage (grt) but at the start of each of the next three years declined to, respectively, 4.6m. grt, 2.8m. grt, and 1.7m. grt.

After booking 2.6m. grt of new orders in 1973 the intake was more than halved the following year to 1.8m. grt. In 1976, to a mere 19,000 grt in 1977 and even lower last year at 18,000 grt.

Over the past three years French yards with annual capacity of about 1.5m. grt have failed to book a single foreign order, a fact blamed on their

Iran's oil exports fall again

By Andrew Whitely

TEHRAN, May 10.

IRAN'S OIL exports have declined for the third month running to the lowest level of the year. Figures today from the National Iranian Oil Company (NIOC), say exports of crude and refined oil in the month to April 30 averaged 4.8m. barrels a day.

NIOC changed this month from the Gregorian to the Persian calendar for statistics, so exact comparisons are difficult. But latest figures represent nearly a 4 per cent. decline from March.

Offset by the 14-member Western oil consortium led by BP declined by more than 8 per cent. to their lowest level of the year. The figures, coming shortly after the break-up of talks between NIOC and the consortium on a new long-term agreement, will increase pressure on NIOC for an early settlement.

Continuing uncertainty over Iran's oil earnings appears to be holding up the final drafting of its ambitious six-year plan. Current expenditure targets may also have to be curbed, as total exports this year are also running well below budgeted levels.

Financial sources in Jeddah predict a sharp fall in Saudi Arabia's investment abroad this year now that the country's oil exports are running at more than 30 per cent. below 1977's average. Our Foreign Staff writes. Last month's exports were 6.3m. barrels a day compared with an average of 8m. barrels a day in 1977. One effect has been to reduce the surplus of oil in the world markets.

PROTECTIONISM

U.S. warns developing countries

BY JUREK MARTIN

WASHINGTON, May 10.

THE United States has warned the leading developing nations that it will retaliate if they continue to apply protectionist trade policies.

The message was given specifically to Brazil by Mr. C. Fred Bergsten, the Treasury assistant secretary, in a speech in New York to the Brazilian-American Chamber of Commerce.

It was made clear that Brazil was representative of a group of countries, including Mexico, South Korea, Saudi Arabia and Iran.

The thrust of Mr. Bergsten's argument was that nations like these five, whose economies have expanded rapidly over the last generation, may find themselves in an analogous position to that of Japan today.

He specifically compared protection afforded to domestic industries and the subsidies granted to Brazilian exporters with similar advantages available to Japan: the U.S. has of course in recent months been pressing Japan hard—with some success—to liberalise its trading practices.

The existence of such practices, Mr. Bergsten said, "can jeopardise the openness of the entire trading system."

He went on: "It is not too soon to ask whether Brazilian policies might have somewhat similar effects (to Japan) in the future."

He noted that some current Brazilian trading practices run directly foul of the U.S. countervailing duties laws. The Treasury's authority to waive imposition of countervailing duties expires in January next year with the result that additional levies would have to be exacted on a variety of Brazilian products unless Brazil ceased subsidising its exporters.

Trade barriers 'may lead to world war'

By Dai Hayward

WELLINGTON, May 10.

AMERICAN VICE-PRESIDENT Walter Mondale was warned by New Zealand Prime Minister Robert Muldoon that agricultural protectionism applied by most of the great industrial nations might lead to a future world war.

Mr. Muldoon made his attack on what he called "the pernicious agricultural protectionism" at a state luncheon in Wellington today.

Mr. Muldoon said that the loss of "developing country" and tariff preference for a number of Korean exports to Australia, and the possibility that such preference might also be withdrawn from certain iron and steel products.

Mr. Choi acknowledged that four months of this year, up 26 per cent. from a \$364m. deficit a year earlier, AP-DJ reports from Seoul. Exports for the January-April period totalled \$3,637m. demand would continue to rise. There would also be new demand for materials such as steel, coal, bauxite and alumina, nickel and uranium.

S. Korea plea to Australia

BY KENNETH RANDALL

CANBERRA, May 10.

SOUTH KOREA is pressing Australia strongly for action to redress the trade imbalance between them. The Korean Minister of Commerce and Industry, Mr. Gak Kyu Choi, expressed his Government's concern over the situation at the joint trade ministers' meeting in Canberra this week.

The Korean delegation was critical of both obstacles to their exports and Australia's failure to buy more goods in the categories which are free of restrictions. Mr. Choi also protested at the loss of "developing country" and tariff preference for a number of Korean exports to Australia, and the possibility that such preference might also be withdrawn from certain iron and steel products.

Mr. Choi acknowledged that four months of this year, up 26 per cent. from a \$364m. deficit a year earlier, AP-DJ reports from Seoul. Exports for the January-April period totalled \$3,637m. demand would continue to rise. There would also be new demand for materials such as steel, coal, bauxite and alumina, nickel and uranium.

EEC steel curb this week

By David Buchan

STRASBOURG, May 10.

AN AGREEMENT restraining Australian steel exports to the EEC in 1978 will be signed this week, Viscount Etonne Davignon, the EEC Industry Commissioner, told the European Parliament last night.

He said EEC steel companies collectively lost £1.62bn. last year. The cumulative loss emphasised the urgency for restructuring the industry in accordance with the "general objectives for steel for 1983," which the Commission hopes to publish in July.

The export curb follows long negotiations, made more difficult by the public row between Brussels and Canberra over general trade.

He said the Commission would not raise minimum guideline prices for steel products on the internal market unless the market could absorb the increase. Brussels still hopes to raise the guideline prices by a further 10 per cent. this year. A first increase of 5 per cent. was made in January.

Japan wins Polish order for roller bearing plant

BY CHARLES SMITH

TOKYO, May 10.

JAPAN'S largest bearings manufacturer, Koyo Seiko, has secured a ¥12.5bn. (about £28m.) order from Poland for a roller bearing plant, in the face of competition from one other Japanese and three European companies.

The order, the second to be secured by Japan from Poland for a bearing plant, is being taken as evidence that the Japanese industry is still highly competitive in export markets despite the revaluation of the yen.

The plant to be located in Poznan, will have an annual capacity of 12m. sets and will come into production in October 1981. It will be one of, if not the largest plant of its kind, according to Koyo.

The company said that SKP (Swedish), INA (West German) and Nadella (France) competed strongly for the order. The Japanese bidder was NSK, the company which operates a ball bearing factory near Durham and which secured Japan's last major bearings order from Poland at the end of 1975.

The 60,000 plant will be financed through supplier's credit with payments spread over eight years and an interest rate of 7.5 per cent. The order substantially increases Poland's indebtedness to Japan for this type of trade financing. The NSK plant (or rather plants since the earlier order covered two separate installations) cost the Poles ¥19bn.

India lists banned areas

BY K. K. SHARMA

NEW DELHI, May 10.

THE INDIAN Government, offering guidance to foreign companies wishing to invest in the country, has finalised a comprehensive list of industries in which foreign collaboration will not "normally" be permitted. The list will apply to new investors and does not affect existing foreign collaboration.

The decision to list "banned" areas was taken after the withdrawal of International Business Machines (IBM) and Coca-Cola from India after their refusal to comply with requirements on "Indianisation" of ownership under the Foreign Exchange Regulation Act (FERA).

The list has been formulated by the Ministry of Industry in consultation with the Department of Economic Affairs and the Directorate-General of Technical Development. The hope is that all uncertainty about government policy on foreign investment and foreign collaboration will now end.

A team of American businessmen headed by Mr. Orville Freeman suggested such a list on a visit to New Delhi last winter.

The Ministry of Industry is preparing to delegate powers to administrative ministries concerned so that the latter can

clear proposals for foreign collaboration subject to guidelines being drawn up. But any proposal requiring equity participation by foreign companies will still have to be examined by the high-powered Foreign Investment Board. No proposals to amend or modify FERA requirements are intended.

The "banned" areas come under the following broad heads: metallurgical industries; electrical equipment; electronic components and equipment; scientific instruments; transportation; industrial machinery; machine tools; agricultural machinery; mechanical and engineering industries; commercial office and household equipment; medical and surgical appliances; industrial instruments; mathematical and drawing instruments; fertilisers; chemicals; dyestuffs; drugs and pharmaceuticals; paper and pulp, including paper products; fermentation industries; food processing industries; vegetable oils and cooking fat; soap, cosmetics and toilet preparations; rubber industries; leather and leather goods; glue and gelatine; cement and gypsum products; timber products; non-scheduled items (such as clocks and pencils) and agricultural industry.

Malaysia seeks investors

The Malaysian Government, concerned about the shortfall in private investment over the past three years, is sending an important mission to Europe next week, Wong Sulong writes from Kuala Lumpur.

To emphasise its importance, the mission will be led by the Deputy Prime Minister and Minister of Trade and Industry, Dr. Mahathir Mohamed, who is also chairman of the Cabinet Committee on Investments.

The team will arrive in London on Monday and go to Birmingham, where Dr. Mahathir will open a two-day investment seminar on Wednesday. It will continue to Frankfurt on May 21, Paris on May 24, and Copenhagen on May 28.

\$133m. Saudi plan

Ebel Bau of Göttingen, West Germany, has won a \$133m. contract to build an officer-training academy for Saudi Arabia's National Guard, James Buchanan writes from Jeddah. The 30-unit contract involves a practically self-supporting community on the outskirts of Riyadh with a generating plant, water and sewage system.

£21m. Libya project

The Ulster-based concrete and structural engineering company McNeill has won a £21m. contract for the Libyan Government to build a General Building Company, Benghazi, Alan Watson writes. McNeill will build 700

Singapore loan request

Singapore Airlines is to ask the United States Export-Import Bank for as much as \$360m. towards its record \$800m. purchase of 19 jet aircraft from Boeing. AP-DJ reports from New York. The company expects to be able to pay for the order.

Algeria deal

Algeria's national oil and gas concern Sonatrach and the US Flour Corporation have concluded a \$336m. agreement for the development of Algeria's Alrar gas field.

China truck order

Isuzu Motors, Japan's third ranking truck maker, said it has received a ¥3bn. order from China for 1,500 trucks and a ¥14bn. order from the Republic of Tanzania for 500 trucks.

Scotch in U.S.

Tax payments on Scotch whisky in the U.S., the biggest of the world markets for Scotch, jumped by 19 per cent. in the first quarter of this year compared with the same period of 1977.

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*This service is a 707 until June 8th.

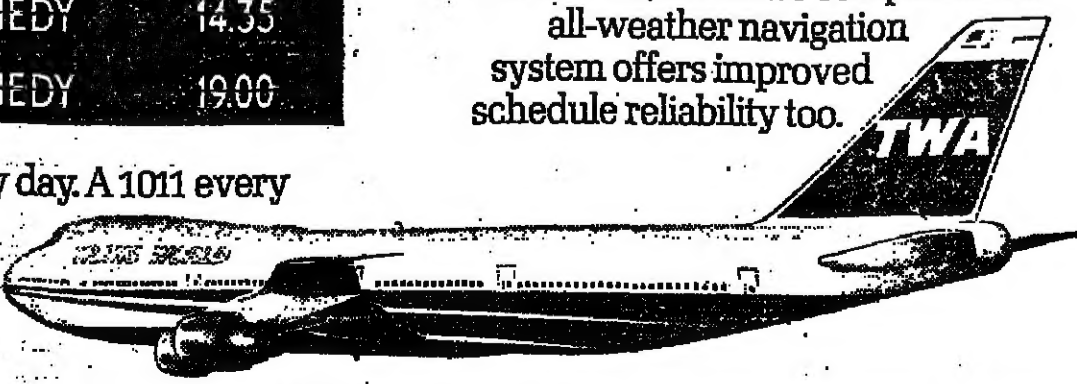
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HOME NEWS

Bridgend orders worth £18m. go to U.K.

By Kenneth Gooding and Robin Reeves

FORD said last night that it already had ordered machinery worth £18m. from U.K. manufacturers for its new engine plant at Bridgend, Glamorgan.

The sum compares with contracts valued at £20m. placed with U.S. companies and others totalling £10m. which have gone to West Germany.

The company gave the details in the face of growing concern about its purchasing policy for the £250m. Bridgend plant.

Mr. Rhion Jones, prospective Labour candidate for Merioneth, called yesterday for the National Enterprise Board to investigate the apparent failure of British machine tool companies to win orders for the Ford project, and to suggest what could be done to ensure similar opportunities were not lost in the future.

He said: "The whole of Wales has rejoiced over the Ford expansion. But we don't want to see Welsh factories merely as outer shells crammed with foreign machinery, especially given the very generous financial assistance for company expansion in development areas."

The U.K. taxpayer might well be indirectly subsidising American or German machine tool companies which were in competition with the British industry—now partly controlled by the board.

Mr. Jones said that he was not criticising Ford or asking for a reduction in the Welsh Development Agency's financial aid for the scheme.

So far the two major contracts placed for the Bridgend plant have gone to American companies. Joseph Lamb is to supply a 29.75m. cylinder-head line and Ingersoll a £1.25m. cylinder-block line.

Ford said that the equipment it needed could not be obtained in Britain. "If we can obtain the machinery we need in Britain we will buy it here."

As time goes on, there is no doubt that the value of orders placed with the British companies will overtake these for American machinery," Ford said.

UN may compromise on multinationals

BY ARNOLD KRANSDORFF AND MICHAEL LAFFERTY

A COMPROMISE solution, possibly establishment of an inter-governmental group, is the likely outcome of next week's meeting of the United Nations Commission on Transnational Corporations, which will consider adopting wide-ranging financial and social disclosure guidelines for multinational companies.

The solution was indicated yesterday by Mr. N. T. Wang, who heads the Information Analysis Division of the UN Centre on Transnational Corporations.

He was in London for informal discussions with Government officials before going to Vienna, where representatives of the 48 countries on the Commission held their fourth session from May 15 to May 26.

A report by experts on international standards of accounting and reporting is a main item there.

If the experts' proposals are endorsed the UN may recommend that member-Governments act to enforce the disclosures on multinationals. This now seems premature, with multinationals opposing the UN proposals and calling for more time to consider what they maintain is a highly complex matter.

Consensus need

Mr. Wang said that the UN Commission did not expect that every country would like everything in the experts' report. But the group had done enough good work to ensure that most Governments would

not want to bury it.

While the so-called developing countries were probably ready to endorse the new disclosures, the same was not the case with the industrialised nations, he said.

As the Commission could work only through consensus, it was necessary to avoid polarisation of views as far as possible. Consequently, a possible way forward might be establishment of an inter-governmental group.

The "general thrust" of the UN disclosures would be accepted by most multinationals "fairly soon." "If only they could overcome the psychological aspect of this they would realise that an ability to report compliance with UN disclosure standards could be very advantageous."

Higher bank charges on way

BY MICHAEL BLANDEN

CUSTOMERS OF some of the big banks may face increased charges as early as July in consequence of last month's report on the banks by the Price Commission.

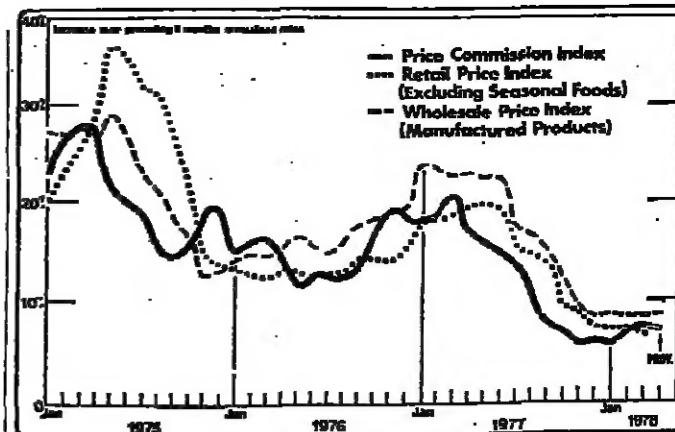
The banks are saying very little about their plans to change tariffs for customers. It is thought that at least one may have reached a decision on increased charges but the others may wait until the end of the year before making any changes.

Time is running short if the banks want to bring in new rates on July 1. Increased tariffs have to be pre-notified to the Price Commission, which requires a 28-day waiting period before the banks can go ahead. To give fair notice to customers, therefore, the banks will have to move soon.

Lloyds look

The Price Commission report effectively opened the way for the banks to seek higher charges by accepting that their present rates were not excessive. Only one bank, Lloyds, responded at the time by indicating that it would be looking at the scope for justifiable increases.

The Commission's report has started a debate within the banks about the appropriate method of changing their personal current-account tariffs. One move the report suggested was the payment of interest on current accounts.



Healey's inflation forecast 'on target'

BY DAVID FREUD

THE UNDERLYING rate of inflation remains on target to meet the Chancellor's Budget forecast, according to the Price Commission.

The commission's index of price rises notified to it in the six months to April fell slightly from the previous month's level.

The index reflects rises that will be felt in the shops in about three months—July—so that the Chancellor's prediction of the annual rate of retail price inflation falling to about 7 per cent. this summer seems assured.

The commission index for the six months to April showed a rise of 3.6 per cent, equivalent to an annual rate of 7.3 per cent. The annual figure for March was 7.5 per cent. A year ago the figure stood at 17.4 per cent.

The index is based on price rises notified to the commission by Britain's larger companies. The rises cannot be made until

28 days after notification and in practice the time lag is greater. In April, there were 280 notifications, compared with 400 in March. The total value of the increases notified fell from £370m. in the earlier month to £300m.

The commission's index is not directly comparable to the official retail price index, which includes fresh foods, the effect of tax changes and most price reductions. There are also differences in the composition of the goods and services.

However, the commission's index has proved a reliable indicator in the past of the slowing down or speeding up of price changes.

The increase in raw material costs since March, caused mainly by the fall in the pound, is likely to be reflected in the commission index from July-August onwards.

Borrowing need same as last year

BY MICHAEL BLANDEN

THE GOVERNMENT'S borrowing requirement has started the new fiscal year at a level much in line with the figures recorded a year ago.

The central government borrowing requirement in April is estimated at £4.15m., close to the £4.18m. recorded in the same month last year. The total central government borrowing requirement for the whole of the current financial year was forecast in the Budget at £7.9bn. compared with the out-turn of £4.4bn. in the past year.

Spending

This new figure may help calm some of the fears aroused in the City by the indications of a sharp rise in money supply during April given by Tuesday's banking figures.

However, it remains clear that there was a sharp increase in the borrowing requirement in March to a revised figure of £1.27bn., probably reflecting end-year spending by departments.

Part of this total will have affected the banking figures for the past month, which were made up to mid-April, and helped push up the money stock in a period when the authorities were selling little gilt-edged stock to fund the borrowing requirement.

Urgent sea peril talks

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

AN URGENT review of the Admiralty's hydrographic survey resources is to be undertaken because of fears that out-of-date charts on British coastal waters could present hidden dangers to shipping.

This is the latest move in a controversy which began in 1975. A Government-sponsored study group then reported that £30m. was needed to supplement the Navy's surveying activities for a programme of high priority hydrographic investigations.

Mr. John Archer, the Under-Secretary in charge of the Department of Trade's marine division, told the Trade and Industry sub-committee of the Commons Expenditure Committee yesterday that it had now become clear the naval surveying force was seriously overstretched and was not providing the level of service required by merchant shipping.

The first of a series of meetings of officials from Government departments involved will take place to-day to re-assess priorities and inform Ministers of the costs of remedying the position.

Mr. Archer confirmed that the situation has improved little since 1975. Only about 30 per cent. of Britain's main shipping lanes have been surveyed to modern standards.

This means that most charts are based on either no survey or lead-line soundings of Victorian times. Since then there may have been movements in sandy seabeds, apart from the risks created by the wrecks of two world wars.

Commander John Paton, the Government's hydrographic adviser, told the committee that the main areas of concern were the east coast at the approach to estuaries, and areas of the west coast where it was feared that undetected pinnacles of rock could exist.

Closer monitoring of ship movements in the Channel will be discussed between Britain and France to-morrow at a meeting called to consider the Amoco Cadiz incident. Mr. Archer said that cover may also be improved in the Anglesey and Milford Haven oil-loading areas of Wales.

The Government is to publish a White Paper on Monday which

will propose increasing the maximum fine for contraventions of shipping rules from £100 to £1,000.

The Liberian Government inquiry into the grounding of the Amoco Cadiz off Brittany in March will start in London on Tuesday.

Paul Taylor writes: An attempt will probably be made to-day to tow the wrecked forward-section of the Greek tanker Eleni V away from beaches in East Anglia which have been polluted with oil over the past four days.

Last night divers using welding gear were expected to fix a second shackle and line to the tanker wreck. It is then hoped to tow the wreck initially to a nearby buoy and then complete with the 2,000 to 3,000 tons of heavy fuel oil still believed to be in three bow-section tanks round Scotland and into the Atlantic, where it will be sunk.

Although Trade Department officials said that little further oil escaped yesterday, oil continued to reach a 40-mile stretch of coastline from Winterton in the north to Aldeburgh in the south.

Savonita claims—inquiry reorganised

BY JOHN MOORE

LLOYD'S has reorganised its internal committee of inquiry into the Savonita claims, a dispute between two of its brokers, Mr. Peter Miller, of Thomas R. Miller, another broker, request by one of the brokers and Mr. Charles Skev, of the involved—Pearson Webb Spring, Edwards and Payne underwriting agency, part of the Bland Payne four-man inquiry team.

Mr. Clifford Clark, chairman of the London court of arbitration, takes over as chairman of the inquiry team from Mr. Frank Barber, of the Lloyd's syndicate Morgan Fentiman and Barber. Mr. Barber's syndicate underwrote the defamatory insurance business of Willis Faber, the other broker involved in the dispute.

Mr. Barber remains on the committee with Mr. Ivor Binney, a director of C. T. Bowring, after Pearson Webb reserved its legal rights to pursue a possible libel action against Willis Faber after the inquiry. The appointment also has been made to remove possible ground for allegations of conflict of interests against the team.

The inquiry was set up after allegations had been made in the Commons by Mr. Jonathan Aitken, MP, on the settlement of claims on 301 Fiat cars, which had been reinsured on the London market.

Mr. Clark's appointment to the team is a move to formalise the structure of the internal inquiry after Pearson Webb reserved its legal rights to pursue a possible libel action against Willis Faber after the inquiry. The appointment also has been made to remove possible ground for allegations of conflict of interests against the team.

The inquiry was set up after allegations had been made in the Commons by Mr. Jonathan Aitken, MP, on the settlement of claims on 301 Fiat cars, which had been reinsured on the London market.

handling the claim for fire and damage to the cars on board the ship Savonita, decided not to press the claim after a loss adjuster's report and legal advice. A fraud squad inquiry is in progress on the claims.

Pearson then was dismissed by Fiat and replaced by Willis Faber, a larger firm of Lloyd's brokers which Mr. Aitken alleged, began pressing the underwriters to settle.

The London insurance community eventually agreed to pay \$300,000. Lloyd's proportion of that settlement was \$183,571.

Home hunters get personal help from the Greater London Council computer.

House hunting is always a headache, but the Greater London Council has a bigger job than most. Its Housing Scheme involves allocating council houses and flats as fairly as possible amongst thousands of people who need homes urgently. People like teachers or transport workers, essential to the capital, as well as others whose growing families, illness, change of work or adaptation problems oblige them to move. The council currently receives about 1500 requests a week for urgent accommodation.

The fact that the council can cope, is largely due to an IBM computer system, installed in 1974. Housed at the GLC's headquarters in Central London, the computer is connected by Post Office lines to terminals in 8 district offices. Into the computer are fed details and personal needs of families seeking relocation. This data is stored by the computer, and updated regularly. Based on the GLC's allocation policy and each family's situation, the computer helps establish a priority order. It then searches through its data on all the houses and flats available, matching families' requirements to property characteristics in accordance with the priority scheme. The computer even helps communicate the solution to the applicant. It automatically

prints out a letter inviting the family to visit the suggested location. Following this, it keeps track of whether or not the suggestion was accepted. If it wasn't, family and flat go back to be matched again.

Sometimes two families seeking help are ideal for each others' houses. The computer is also programmed to recognise this, and print letters making the suggestion for a mutual exchange. The GLC says the number

of allocations they can deal with has doubled thanks to this system. And since the computer provides a more scientific matching process, there is now a higher acceptance rate of the allocations made.

Plans are in hand to extend the system for lettings enquiries to ten more districts. And just recently, the system won the British Computer Society's award for the UK system of the "Greatest benefit to Society".

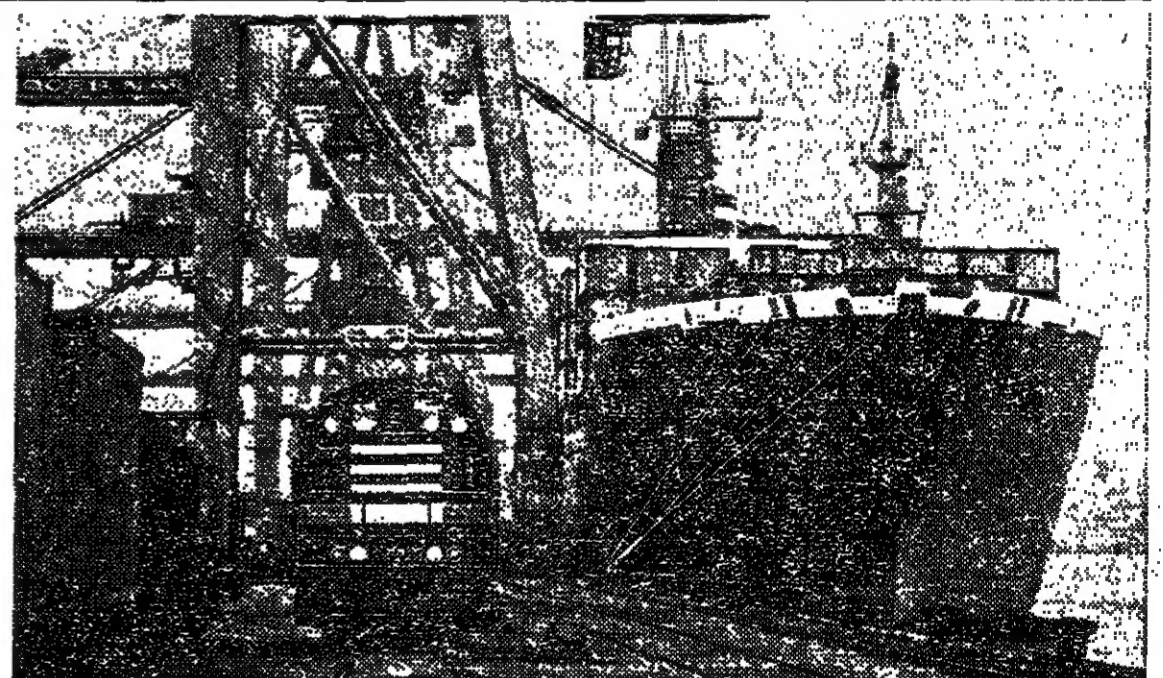


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The port of Antwerp is now ship-shape.

Antwerp is one of the busiest ports in Europe. When the Antwerp council acquired an IBM computer, the port became one of the system's main areas of activity.

The computer is used for the entire port administration. This includes the control of 18 warehouses containing equipment and spare parts needed to keep the port in operation. The computer produces invoices for

all port services, such as the use of tugs and cranes, and the renting of space in the warehouses. It also checks on all incoming and outgoing ships to simplify loading and docking.

Back on dry land, the same system is helping to keep the town of Antwerp in smooth running order. The computer calculates the salaries, taxes and pensions of all council workers, about 12,500 people. It computes the private pensions of over 8,000 others and helps with a yearly census of the total population of Antwerp. It maintains a register of inhabitants and their changes of address, and keeps track of the housing situation. It does the entire council's book-keeping. It issues reminders for medical check-ups, and handles all administration for general elections.

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Government may be ready to support Wheal Jane rescue

BY PAUL CHEESERIGHT

THE lingering hopes of keeping open the Wheal Jane tin mine in Cornwall now centre on the possibility of a takeover by Saint Piran, the London group, which has a majority holding in another Cornish tin mine, South Crofty, and national property and building interests.

Saint Piran has been having talks with both Consolidated Gold Fields, the owners of Wheal Jane, and with the Government. Mr. Gerald Penhally, the South Crofty managing director, had discussions at the Department of Industry on Tuesday. Company geologists have visited Wheal Jane.

The idea is that Saint Piran would take control of both Wheal Jane and its neighbour, the Mount Wellington mine, owned by Cornwall Tin and Mining, but operate only at Wheal Jane. Government assistance would be forthcoming in the event of firm indications that a mine would turn out a viable economic proposition.

The managements of Mount Wellington and Wheal Jane said separately last month that their mines were to close.

The Department of Industry has been exploring for the last fortnight at least the possibility of bringing the Mount Wellington and Wheal Jane mines together in a single operation. But the respective managements have not changed their positions—that the quantity and quality of tin available are not adequate to make a profitable mine.

Mr. Alan Bigr, chairman of Cornwall Tin, said yesterday from Geneva, that as, in his view, a truly economic mining operation was not possible it was essentially a matter of the Government deciding to keep a mine open for social rather than commercial reasons.

This appraisal, from which Gold Fields would not dissent, led to a breakdown in the talks between the two companies for some form of joint venture.

Pressure on the Government to pull together a rescue package has continued unabated, however. Yesterday Mr. John Pardo, Liberal MP for Cornwall North, and Mr. David Penhally, Liberal MP for Truro, in whose constituency many of the Wheal Jane workers live, saw Mr. Alan Williams, Minister of State for Industry.

Afterwards, Mr. Penhally said merely that he felt there was now a 50-50 chance of Wheal Jane staying open and that the Government had indicated its willingness to help financially.

This willingness is likely to be influenced by geological assessments of the tin potential at Wheal Jane. The Gold Fields conviction that supplies are insufficient to make profits at existing prices is not universally accepted. Should the Government accept that Wheal Jane is potentially profitable, it will be rejecting the Gold Fields reasoning.

If Saint Piran does take over the mine there will have to be substantial capital outlays, to probe and prove the existence of ore reserves away from the existing working parts of the mine, while accepting only limited revenue.

Ford captures 30.9% of U.K. car market

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

FORD U.K. captured the top three spots in the British car market last month, with the Fiesta pushing into third place behind the Cortina and the Escort.

With sales of 9,687 units, the Fiesta had its best month since the car was introduced in February last year.

Ford's performance pushed it to the top of the British market once again, with a market share of 30.9 per cent, ahead of British Leyland on 16.7 per cent.

About one-third of Ford's sales—8.8 per cent—was accounted for by cars imported from its Continental plants.

With total registrations at 136,038, the month was the best since April 1973 and 21 per cent over the next two months as the limitations of shipments, which take six weeks at sea, begin to bite.

"We are naturally concerned about these figures. We expressed our deep concern about them to the Japanese early in May. We reminded them that we were expecting a sharp decline in both shipments and penetration soon."

"The Ministry of International Trade and Industry repeated its assurance that it intended to fulfil its undertaking to reduce both shipments to the U.K. and the penetration of the U.K. market."

U.K. CAR REGISTRATIONS

	1978	%	1977	%	1978	%	1977	%
April					4 months ended April			
Ford*	42,016	30.88	35,484	31.58	165,744	27.40	129,218	27.03
British Leyland*	22,456	16.45	22,007	19.59	144,857	23.94	117,997	24.68
Vauxhall*	14,143	10.39	9,907	8.82	48,057	7.94	45,812	9.58
Chrysler*	8,162	6.00	7,095	6.31	39,859	6.59	27,722	5.80
Total British	69,519	51.09	61,297	54.56	322,606	52.49	270,025	54.46
Datsun	8,741	6.42	6,508	5.79	42,077	6.95	25,127	5.26
Renault	8,199	6.02	4,422	4.11	24,950	4.45	11,113	4.42
Volkswagen	5,424	3.99	5,023	4.47	20,683	3.42	17,450	3.65
Fiat	4,069	2.99	5,109	4.55	25,222	4.17	23,326	4.88
Total imports†	46,564	48.91	51,060	45.44	281,392	46.51	208,033	43.52
Grand total	136,083	100.00	112,357	100.00	604,998	100.00	478,058	100.00

* Figures include cars from companies' Continental associates which are not included in the total British figure.
† Figure includes imports from all sources, including cars from Continental associates of British companies.

Pilots' pay dispute threat to Channel hovercraft service

BY LYNTON McLAIN, INDUSTRIAL STAFF

BRITISH RAIL hovercraft may be forced to operate only a quarter of its passenger-carrying capacity over the English Channel this summer.

After last year's loss of £599,000, the potential loss of more revenue-earning capacity as the peak summer season approaches is causing concern on the British Rail Board.

Seaspeed pilots are refusing to operate the new, 410 passenger, 55 car SRN4 craft, the Princess Anne. British Rail had hoped to introduce the craft between June 1 and July 4, flying from Dover to Boulogne and Calais.

The pilots are in dispute over pay, claiming to have fallen 25 to 30 per cent behind the captains of British Rail Sealink ferries.

This is in spite of agreement after arbitration in a similar dispute over two years ago that hovercraft captains should get 97½ per cent of the pay of a ferry captain.

Pilots have threatened to step up their action. All 18 pilots have refused to attend the one-month conversion course for operations on the new super N4 craft. The trials and certification, to be finished by June 1, have been done by management pilots.

The operational pilots have refused to take the dispute to arbitration.

A second problem concerns the French Sedan N500 craft. This has been at the centre of formal talks between Britain and France after accusations in a French newspaper that Britain was deliberately sabotaging attempts to introduce the craft.

This has been denied by British Rail, a partner, with French Railways in Seaspeed. But there have been problems with the N500 and it is now nine weeks late entering service. This has left Seaspeed with only one hovercraft, the Princess Margaret, able to take 250 passengers and 28 cars.

There have been disruptions to the training programme and French pilots are thought to be less than confident in flying the big craft into the Eastern Docks at Dover.

Steering on land is thought to present difficulties for pilots with insufficient flying hours. The craft relies on underwater radars and movements of the flexible rubber skirt for parking.

The bow of the craft was damaged a month ago when it hit 10 feet high waves. It has been repaired and the craft will enter service on July 5, the day after the new purpose-built west terminal opens at Dover.

Nuclear waste storage in rock 'feasible'

By David Fishlock, Science Editor

THERE ARE no big worries threatening to invalidate the idea of storing highly radioactive nuclear waste underground in hard rock, says Britain's "watch-dog" agency for radiation.

Its study pinpoints the need, though, for several years' more scientific research before uncertainties are resolved in three key areas of geologic storage.

The £20,000 study, by the National Radiological Protection Board, was funded by the EEC as part of a European investigation of nuclear waste disposal.

One area of uncertainty is said to be the need for more information on geological activity—from earthquakes to the heat and radiation effects of the waste itself—which could affect a subterranean waste repository.

Another is the integrity of the waste—presumed to be stored as solid ingots—and whether, for example, deep ground waters might attack the glass ingots at the temperatures and pressures prevailing.

The third area of uncertainty is surveillance of all the various pathways by which radioactivity might leak into the environment. The Board finds that more data is needed to make detailed mathematical models of proposed sites.

Mrs. Marion Hill and Mr. Paul Greenwood based their study on a hypothetical waste repository containing all the highly-radioactive waste from Britain's nuclear activities up to the year 2000. This is put at 2,000 ingots of vitrified waste, in containers about 3 metres high and 0.5 metre diameter, contained within a cube of rock of about 250 metres per side.

They suggest that as an added precaution against leakage should, say, ground water penetrate the repository, it might be lined with a material designed to absorb and retain particularly dangerous nuclides.

The researchers say that their assumptions at this stage were broad and conservative, though less so than in a study published by the Board a year ago examining the feasibility of disposing of highly radioactive wastes on the seabed.

A third study, in hand, examines the possibility of storing wastes beneath the seabed.

Preliminary assessment of the radiological protection aspects of disposal of high-level waste in geologic formations, by M. D. Hill and P. D. Greenwood, NRPB—R69, Stationery Office, price £2.

Food industry complaint

MR. DERRICK HORNBY, president of the Food Manufacturers' Federation, yesterday blamed low profitability in the industry on Government intervention.

He told the Federation's annual meeting in London that a big improvement in profitability was now the industry's first aim, and called for the abolition of price controls.

Co-operation with the Government to devise an industrial strategy could be threatened by more State intervention.

Mr. Edward Bishop, Minister of State at the Department of Agriculture and Fisheries, said in reply that food manufacturers had to expect closer scrutiny than other industries because of public sensitivity to food prices.

Senior Bank officials did routine work, court told

WORKLOADS in the Exchange Control department of the Bank of England were so heavy two years ago that some of the routine work had to be done by senior officials, the jury in the dollar premium case at the Old Bailey were told yesterday.

Mr. John Martin Wales, 42, a suspended Bank official, who is accused of conspiring with five other people to obtain investment currency rebates dishonestly between 1975-76, explained that it was this pressure of work which led him to become engaged with a file over an applicant named Keith James Guardian who is alleged by the Crown to be a fictitious person.

"I was trying to help my staff in dealing with a backlog of work and so I involved myself in cases which in more relaxed times would have been dealt with by junior members of the staff," he said.

Mr. Wales, and the other defendants all deny plotting to obtain money dishonestly from authorised dealers in investment currency.

The trial which is expected to last another two weeks continues to-day.

Peugeot brings 305 model to Britain

PEUGEOT is to launch its new 305 model in Britain this month, priced at between £2,998 and £3,998.

The car, introduced in France in November, will compete in the medium-range saloon market for vehicles of about 14 feet length. It is driven through the front wheels by a transverse-mounted, die-cast aluminium engine, rated at either 1,290 cc or 1,472 cc.

The 304 saloon will cease to be imported, but the 304 estate range will continue.

U.S. air talks continue

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MR. ERIC VARLEY, Secretary for Industry, yesterday continued his talks with U.S. aerospace industry leaders on future collaborative programmes when he met Mr. Sanford McDonnell, president of McDonnell Douglas Corporation, in London.

Mr. Varley met Mr. E. H. Boullouin, president of Boeing's Commercial Airplane Company, on Tuesday.

As with the Boeing meeting, neither the Department of Industry nor the company disclosed the content of their discussions, but it is widely known that Mr. Varley wanted more details of the various programmes now envisaged by McDonnell Douglas that might be of interest to the U.K.

These include the possible development of an Advanced Technology Medium Range transport (the ATMRI), and the bigger 200-seat DC-X-2.

The McDonnell Douglas plans for the 1980s could be of even greater interest to the U.K., however, since they are believed to include military collaboration—for example, on the future versions of the Harrier, jump-jet for the U.S. Navy and Marine Corps, and on new missile programmes.

The U.K. is already closely involved with McDonnell Douglas on the AV-8B Harrier for the Marines, and is sharing in some missile work, for example, on the Harpoon submarine-launched anti-ship missile.

Job centres success

HIGH STREET Job centres are attracting 21 per cent. more vacancies notifications from employers than their traditional counterparts the employment exchanges, according to a study published by the Manpower Services Commission.

The cost for each job placed by the jobcentre for the six months ending last September, at 1976 prices was £30.50, according to the Commission. At employment exchanges that had been restructured as jobcentres the figure per job was £32.50, and it was "considerably higher" for the remaining employment exchanges, says Mr. Alan Brown, chief executive.

Swedish nursery school staff have more time for children.

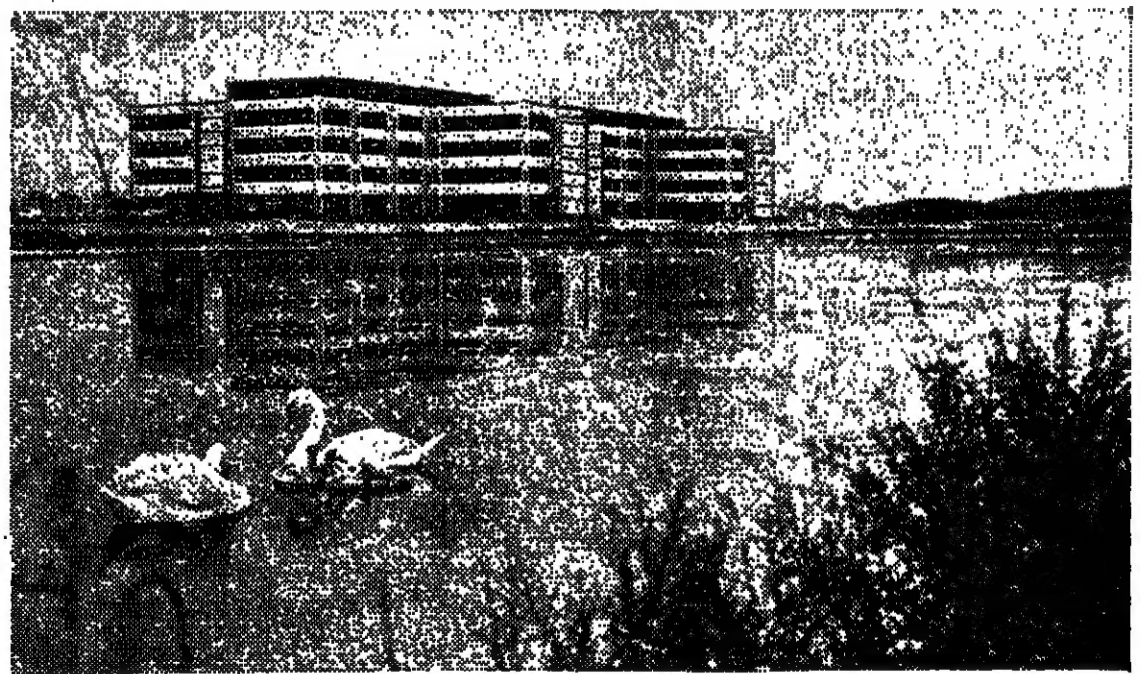
Since the nursery staff of the municipality of Täby have been relieved of most of their administrative work, they have more time to spend with the children.

The change came about because Täby municipality asked IBM to help improve their administrative routines. Now the IBM Datacentre deals with the

calculating of fees, the billing and record keeping. Practically the only administrative work left for the nursery staff is to fill out and send in a simple attendance record.

Everyone seems to be content with the new system. Parents pay to the municipality through the post, so their relationship with nursery staff is happily free of money problems. The staff themselves say they are more relaxed and have more time for the children, who in their turn get more and better care. The system also gives the municipality a clearer picture of expenses and attendance at the nurseries.

In other words, grown-ups and children alike benefit from having a computer system take care of as much as possible of the nursery administration.



IBM UK and the future.

IBM UK is growing. And so are its headquarters. Opened in 1976 at North Harbour, Portsmouth, these occupy a 125-acre site on land reclaimed from the sea by IBM as a major part of the Portsmouth Harbour reclamation scheme. Already a second major office building is planned which will double the space available.

North Harbour is just one example of IBM's rapidly expanding investment in Britain. There have been large extensions to the manufacturing plant at Greenock, Scotland, and to the development laboratory at Hursley, near Winchester. The first phase of a new marketing centre at Warwick has been completed, and the second phase is well under way. Work has begun on extensions to the manufacturing plant at Havant in Hampshire. And a technical centre is under development at Greenford Green in West London.

Since 1951, IBM United Kingdom has grown from one office with less than 100 employees, to an employer of over

14,000 people, nearly all of whom are British. Their activities have introduced new technology and associated skills into the United Kingdom. Among the 48 locations they work at is the largest IBM development laboratory outside the United States.

In 1977, IBM UK's tax provision was 53 million pounds. Profit after tax was 57 million pounds, and capital investment was 89 million pounds.

IBM is working in the United Kingdom to provide data processing systems, office equipment and related services which offer commerce, industry and government new, more effective ways to increase their productivity.



Luxembourg's water problem cleaned up.

A new computerized water resource system in Luxembourg helped significantly in 1976's severe summer drought. The system was able to help plan a daily supply of 82,000 m³, using surface water from the Esch-sur-Sûre dam instead of Luxembourg's traditional underground source. This allowed the region to cope with the extra demands the wells couldn't meet.

The IBM computer controls water feeding from the dam to

the treatment stations, the five treatment phases, pumping to the receiving reservoir, and distribution of the water, which provides over half of Luxembourg's daily needs. It also has built-in alarms to control reservoir levels and water quality. It keeps day to day data on consumption in different areas and produces graphs to illustrate these.

Luxembourg's Water Resources Management say the system means that they can now answer the differing demands of every area with water of consistently high quality.



COMPANY NOTICES

ALLIED IRISH BANKS LIMITED
Notice is hereby given that the Transfer Books of the Company will be closed from 6th to 9th June, 1978, both dates inclusive, for the purpose of preparing warrants for the Final Dividend in respect of the year ended 31st March, 1978.
By Order of the Board,
D. B. Moyer, Secretary
3/4 Foster Place,
Dublin 2
11th May, 1978

SOFINA
Société Anonyme (Limited Company)
Registered Office: 28, Rue de Namur,
Brussels.
Register of Commerce of Brussels
No. 270184
Dividend in respect of the Financial Year 1977, fixed at 10% of the net profit, is payable on 15th June 1978, at the premises of the Company, 28, Rue de Namur, Brussels. Payment will be made in cash or by cheque, on presentation of coupon number 36.
Banque Belge Limitée,
16, St. Helens Place,
London EC3A 8BT.
Midland Bank Limited,
International Division,
60 Gracechurch Street,
London EC3A 3BN

LOAN OF US\$50,000,000
S.N.C.F. 67-65
US\$1,335,000 of the US\$50,000,000 issue due for redemption on 15th June 1978 has been repurchased in the Luxembourg market on 28th April 1978 in the amount of 2,300,000 Francs.
BOND NUMBERS DRAWN
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Why be a slave to television when ITT makes television a slave to you?

In July this year a revolution in television begins. The Post Office commence trials for a system that will make television the ultimate source of information for the viewing millions.

It's called Viewdata.

Viewdata is a potentially limitless bank of information that the viewer can tap through the simple combination of his telephone and his television.

A vast amount of information can be stored in a central memory. On this page you see just a handful of questions that Viewdata will be able to answer for you. A drop in the ocean compared to Viewdata's potential.

The information can be obtained through your own telephone line, linked to your TV and appears almost instantly on your screen. There is no difficult computer language to learn. A simple step by step guide appears on your screen.

Viewdata trials will continue to the end of this year in selected cities. After which the system will be made available to the business community and the general viewing public.

Viewdata is the first system of its kind anywhere in the world.

Needless to say, a great deal of technical know-how and experience was involved.

Are you eligible to adopt a child?

What's the best French restaurant in N.W.1?

How much should your mortgage repayments be?

What are the current Stock Exchange quotes?

You are driving from London to King's Lynn. What is the quickest route?

What's the form for the 3 o'clock at Ascot?

ITT is a leader amongst the important companies who are committed to Viewdata, working with the Post Office to ensure its success.

ITT set up the first European Viewdata link and are currently manufacturing sets to Post Office requirements. More sets than any other company.

To find out more about the greatest advance in television since the introduction of a second channel, write to: Viewdata Group, ITT Consumer Products, Chester Hall Lane, Basildon, Essex. Tel: 0268 3040. And see how Viewdata and ITT can make TV work for you.



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LABOUR LAWS

Building industry may face strike

BY CHRISTIAN TYLER, LABOUR EDITOR

THE BUILDING INDUSTRY may be hit by strike action following rejection yesterday of a pay offer of just under 10 per cent. by representatives of the second largest union.

Shop stewards of the Transport and General Workers' Union overwhelmingly rejected a deal accepted by their officials and recommended to them as the best obtainable.

The union's regional committees will draw up plans for industrial action. Whether this becomes an official national campaign will depend on whether the TGWU executive receives demands for backing.

Although the TGWU has far fewer members involved in the agreement than the Union of Construction, Allied Trades and Technicians, which has accepted the offer, it is unlikely that any agreement for the industry can be signed without the Transport Workers' Union.

The National Federation of Building Trades Employers said last night that it could do no further without breaching the Government's guidelines.

Part of the reason for the TGWU national committee's

Matthews ready to fight union over Express closed shop

BY MAX WILKINSON

THE CHAIRMAN of Express Newspapers said yesterday that he was prepared for battle if necessary over a closed-shop agreement between his company and the National Union of Journalists.

The Daily Express chapel (union branch) has signed a closed-shop agreement with the management under which all newly employed journalists would be forced to join the NUJ.

But yesterday Mr. Victor Matthews, the Express's managing director, said he was completely opposed to the principle of such an agreement. He wanted to employ a journalist who was not a member of the NUJ and who did not wish to become a member of the agreement, and face the consequences.

Healey 'will not underspend'

By Christian Tyler, Labour Editor

GOVERNMENT underspending because of cash limits was not likely to recur in this financial year, Mr. Denis Healey, the Chancellor, told TUC leaders yesterday.

He said after meeting the TUC economic committee he agreed with the unions that underspending was "as bad as overspending." Not all the shortfall was due to cash limits. The financing of export credits and the sale of BP shares had been among the special factors last year.

British Shipbuilders' man attacks Varley

BY NICK GARNETT, LABOUR STAFF

MR. RICHARD WHALLEY, has maintained that the varying settlement rates are based on ability to pay for each of the corporation's constituent companies.

The figures, said Mr. Whalley, were inexplicable, and the variations had "no logical explanation." The Confederation of Shipbuilding and Engineering Unions has also criticised the Government's handling of pay in the industry.

The delegates were told that sections of British Shipbuilders would have to close unless there was real progress toward job flexibility.

Some restrictive practices were "absolutely appalling" and there were management deficiencies in trying to maintain production.

More participation for steel workers suggested

BY PAULINE CLARK, LABOUR STAFF

PROPOSALS for radically strengthening workers' participation in the steel industry are contained in a confidential working party report to be discussed by BSC management and the industry's union leaders.

The recommendations of the ten-member management and union working group fall short, however, of meeting the BSC's desire for a unified pay negotiating structure in the industry.

The report, recently circulated, as a "steel contract" to members of the TUC steel industries committee and BSC management recommends a top to bottom joint employee and management consultation structure in the Corporation.

he a national steel joint conference of Corporation representatives and union members at both national and area level. Because its job would be advisory rather than decision making, the balance of seats allotted to both sides is unlikely to be controversial.

A national joint executive committee would be composed, apart from the BSC element, of probably the entire membership of the 17 member TUC Steel Industries Committee.

Boeing deal backed by Scanlon

By Alan Pike, Labour Correspondent

A STRONG suggestion that British aircraft workers should support American rather than European co-operation in the industry was given yesterday by Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers.

He told his union's annual conference at Worthing that partnership on the Boeing 737 project would not mean the end of a British aircraft industry while European co-operation might not produce the number of jobs which some people expected.

Nottinghamshire miners boost output

BY JOHN LLOYD

MINERS in Nottinghamshire have earned £10m. in bonus payments over the six months to the end of April. Their increased output has both covered the costs of the incentive scheme and contributed to the industry's other production costs in their area.

Sir Derek Ezra, chairman of the National Coal Board, said at Ampley colliery, Nottinghamshire, that output in north and south Nottinghamshire rose by 3.5 per cent. over the same period last year — more than 250,000 tonnes.

Civil servants in pay protest

By Pauline Clark, Labour Staff

THE GOVERNMENT was accused yesterday of ranking among the worst employers in the country as more than 1,500 industrial civil servants attended a rally in Westminster yesterday to protest at their low pay.

The rally was organised by the Transport and General Workers' Union public services committee on behalf of its 80,000 members employed by the Government.

Dismissed chef 'spilt onions on floor' at Claridge's

MR. RICHARD ELYIDGE, the commis chef who was dismissed from Claridge's Hotel, hatched the job of cutting up vegetables, Mr. Andrew Holland, the head chef, said at an industrial tribunal in London yesterday.

Mr. Andrew Holland, who started in the catering industry in Paris when he was 14, said three started to cut up vegetables for Mr. Elyidge when he worked in the pasty section.

He was cutting vegetables in "all different sizes," said Mr. Holland.

Seamen seek pay freedom

THE LEADER of Britain's 33,000 seamen urged a return to free collective bargaining yesterday at the opening of their union's conference in Aberdeen.

Mr. Jim Slater, general secretary of the National Union of Seamen, said trade unionists had made a substantial contribution to reducing the rate of inflation. But the opportunities provided through wage restraint had not resulted in greater investment or higher output.

Union official admired Tether

THE SENIOR organizer of the National Union of Journalists told an industrial tribunal in London that he had developed a personal admiration for Mr. Gordon Tether, the former Financial Times columnist, and for his principles.

Mr. Robert Norris was giving evidence to the tribunal, which is hearing Mr. Tether's unfair dismissal claim, about the union's involvement in Mr. Tether's dispute with Mr. Fredy Fisher, the editor, over the editor's control of the Lombard column, which was written by Mr. Tether for 21 years.

Tether's employment should be terminated. This would have been entirely out of line with the procedure which had been adopted.

Involved

A chapel father did not have the authority to accept a dismissal. Mr. Tether's case had been referred to the union's executive, which would either confirm or resist his dismissal. Mr. Norris said he had become personally involved in the case. He developed a sense of admiration for Mr. Tether and his principles.

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Domination Securities Eurocombank S.p.A. Europabank Company First Chicago

First Boston (Europe) Genossenschaftliche Zentralbank AG Vienna Handelsbank N.W. (Overseas)

Greenshields Hesseische Landesbank - Girozentrale - S. F. Hutton & Co. N.V.

Industrielle Bank von Japan (Deutschland) Kidder, Peabody International Kreditbank N.V.

Kuwait Financial Centre S.A.K. Landesbank Rheinland-Pfalz - Girozentrale - Lazard Frères & Co.

Landesbank Rheinland-Pfalz - Girozentrale - Lazard Frères & Co. McLeod, Young, Weir International

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Smith Barney, Harris Upham & Co. Société Générale Alsacienne de Banque Strauss, Turbault & Co.

Swiss Bank Corporation (Overseas) Verband Schweizerischer Kantonalbanken Warburg Paribas Becker Inc.

Westdeutsche Landesbank Girozentrale Dean Witter Reynolds International Wood Gundy Limited

Yamaichi International (Europe)

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PARLIAMENT AND POLITICS

Tories force change in starting level for 40% rate of tax

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT last night suffered its second major defeat of the week on the Finance Bill when, by a narrow majority of two votes, the Conservatives forced through an amendment raising the starting point for the payment of the 40 per cent higher rate of income tax from £7,000 to £8,000.

The Ulster Unionists, the Liberals and the Scottish Nationalists joined forces with the Tories to win the amendment by 288 votes to 286 during the committee stage of the Bill. Only the Welsh Nationalists sided with the Government.

Triumphantly recalling that only on Monday the Government had been defeated when the basic rate of income tax was reduced by one penny, Mr. Peter Rees, a Tory Treasury spokesman, told the House: "It may well be that the walls of Jericho are lying in ruins. My right honourable friends have demolished them."

The Conservatives were also pressing another amendment to raise the consequential levels at which taxes are increased and to reduce the number of higher rates from nine to four.

This would mean that those earning between £8,000 and £10,000 a year would pay at 40 per cent, those between £10,000 and £14,000 at 50 per cent, those between £14,000 and £21,000 at 60 per cent, while those above £21,000 would pay at 70 per cent. The top level of tax would be reduced from 83 per cent to 70 per cent.

According to Sir Geoffrey Howe, shadow Chancellor, the cost of raising the starting point to £8,000 would be £40m. in the first year and the changes in the other rates, £185m. in the current year. The two amendments together would add £225m. to the Treasury in the first year.

But, from the Government front bench, Mr. Denis Davies, Minister of State at the Treasury, said that his department estimated that the cost of both amendments together would be £180m. this year and £360m. in a full year.

Mr. Davies said that if this was added to the cost of the penny reduction in the basic rate of income tax made on Monday, the total cost this year would be £573m. and, in a full year, £735m.

The Minister maintained that the amendments being proposed by the Conservatives would bring meaningful financial benefits only to those earning over £15,000 a year. "The Tory party, on the evidence of these amendments, is a small pressure group for the well-off," he declared.

Sir Geoffrey, however, accused the Government of trying to make "a society of drag indifferent equality in which all motivation and incentive will have been destroyed."

He said that the cost to the revenue if the two amendments were approved was less than one third of a penny in every pound of public spending this year and one-twentieth of the planned increase in public spending this year.

A "modest figure" could be covered three times over if the Government were prepared to accept the Conservative recommendation for a single rate of value added tax at 10 per cent. He also argued that the amendments would mean, in real terms, that the person earning over £25,000 a year would still be shouldering a higher tax burden than after the Chancellor's first budget in 1974.

The Conservative proposals would substantially increase the willingness to work, invest, and take risks and would reduce the tendency towards tax avoidance, said Sir Geoffrey.

It would release several hundred thousand taxpayers from the higher bands and would be a way of saving on the huge increase which had taken place in the numbers employed by the State.

He insisted that these changes—first advocated by the Liberals—should be seen as the start of a wider reform of the tax system which, over a period of three years, would see the threshold lifted substantially above supplementary benefit level so that income-tax was only levied on the middle-income and upper-income groups.

Mr. P. P. Jones, Chief Secretary to the Treasury, said that the cost of the Conservative proposal would be £20m. in a full year. He pointed out that 91 per cent of people with investment income would not be paying the surcharge.

He also estimated that a Liberal amendment to throw out the higher rate of surcharge of 15 per cent would cost £120m. in a full year.

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Inland Revenue. He maintained that, contrary to figures given to the House, earlier this week there had been an increase of 20,000 in Inland Revenue staff between March 1974, and the end of last year. He estimated that the reduced 25 per cent tax band introduced in the Budget would add another 100,000.

If the number were reduced by 20,000 this would mean a saving to the taxpayer of about £110m. in the salary bill.

He claimed that the present high rates of tax were penalising those with special skills and responsibilities: skilled workers, managers and other enterprising people.

"To have singled them out for the imposition of tax rates higher than anywhere else in the free world is sheer innuendo."

"To continue with these rates is to demoralise them. These rates have never been justified. The burden has been imposed by stealth—four years of record inflation carrying people up into higher and higher tax rates."

"We have experienced in the last four years a savage and continuing reduction in post-tax differentials."

This has occurred in spite of assurances from Mr. Harold

Lever, Chancellor of the Duchy of Lancaster, and economic adviser to the Prime Minister, that tax rates were too high and that the Chancellor of the Exchequer was giving priority to remedying the situation.

There were jeers from the Labour benches as Sir Geoffrey listed 18 well-known figures in sport, pop music, literature and the film world, who had left the country as a result of high taxation. These ranged from James Hunt, the racing driver, to Richard Burton, the actor, and Len Deighton, the author of spy novels.

Repeating for the Government, Mr. Davies said that Sir Geoffrey's "extraordinary speech" had illustrated the kind of people to whom the Tories would introduce if they were returned to power.

He said the Tory "mini-budget" proposed in the two amendments gave nothing to the married man with two children on £50 a week. A married man on £80 a week would get 33p, a man earning £10,000 a year would benefit by £160 a week.

"You have to start at £18,000 a year before you really get a benefit from this. It is people earning from £15,000 to £30,000

A wealth tax — he regretted the fact that there was no sign of the Government introducing one — would also be a key ingredient in the tax reform which Liberals wanted to secure.

Mr. Douglas Crawford (SNP, Perth and E. Perthshire) said his party would support the amendment to ease the tax burden on middle management but vote against the proposals which would benefit the "ruthless rich".

Bigger incentives were needed, he said, to attract the middle managers which Scotland required to sustain existing industries and improve the prospects of attracting new ones.

Mr. Ron Thomas (Lab, Bristol NW), Tribune Group chairman, said the Tory move was a blatant example of class interest. He was surprised that the Liberal Party could even contemplate going into the jobs supporting

Inflation had a more severe effect on the low-paid than high earners.

He reckoned that a man earning £25,000 a year, who could also take advantage of the capital gains relaxation in the Budget, would benefit by something like £3,500 a year from the Tory proposals and the Budget combined.

"Over half the manual workers earn less than this," he declared.

Regional differences within the EEC have increased rather than diminished despite all the efforts to level the playing field according to a pamphlet published to-day.

If there is to be a "true and effective policy," says Mr. Mark Swift, of the Fabian Society, the European Commission will have to be reorganised, the size of the regional fund increased and aid concentrated on the areas most in need.

In addition, methods of granting aid should be diversified and incentives introduced to reduce investment in the better-off areas. State investment, he argues, should be channelled in the poorer areas.

Swift believes the share of the regional fund going to the various countries should be revised and the number of beneficiary regions cut back. Britain, Italy and Ireland should be the principal beneficiaries, he declares.

Two disincentives should also be introduced—a community development certificate for new investment above a certain level and a payroll tax on all employment in the most congested areas.

A Regional Policy for Europe, Mark Swift, Young Fabian Pamphlet 65, Dartmouth Street, London, S.W.1. 70p.

Plan to acquire Short Brothers shareholdings

By Our Parliamentary Staff

THE GOVERNMENT is to acquire two minority shareholdings in Short Brothers, Mr. Don Concannon, Minister of State for Northern Ireland, said in a Commons written answer last night.

The two shareholdings are Harland and Wolff Limited and Rolls-Royce Limited (in liquidation). Both hold 350,000 Ordinary voting shares of £1.

Mr. Concannon said the Government intended to acquire the shares to bring Short Brothers completely within the ownership of the Northern Ireland Department of Commerce and the Department of Industry.

The first step would be to acquire the Rolls-Royce shareholding and a consideration of £20,000 had been agreed with the receiver of that company. Subsequently, arrangements would be made to acquire the shares held by Harland and Wolff for a similar consideration.

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Boyson argues for tough unions policy

BY RUPERT CORNWELL, LOBBY STAFF

THE CONSERVATIVES risk losing the next election if they fight it on a platform of curbing favouritism with the unions. Such a policy of appeasement will earn not cooperation but contempt, and could see the party ending up again with a minority in Parliament.

This view is vigorously expressed by Dr. Rhodes Boyson, Tory MP for Brent North and one of the party's most boisterous spokesmen on the radical populist Right, in "Centre Forward," a new book published to-day.

"Centre Forward" is described on its cover as a "radical Conservative programme." For Dr. Boyson, this consists of less Government intervention and interference, less taxation, and a sharply reduced role for the trades unions.

His economic diagnosis is that Britain is in the position of West Germany before 1945—a "drab desert of control, inflation, low productivity and broken morale."

His solution is to decentralise, decentralise and restore the freedom of the individual, secure under the rule of law.

The most striking section deals with the unions and the reforms that should be introduced by a Tory government. The downfall of Mr. Heath in February 1974, in the Boyson view, was caused not by dislike on the part of voters for his stern attitude to the unions, but by their doubt that the Tories had the will to push on to full victory.

The unions, says the MP, were largely responsible for the country's economic malaise. It was a myth to suggest even that they raised the standard of living of their members.

"The pay of unorganised typists has, since the war, risen faster than that of organised miners."

Dr. Boyson adds: "By their close ties with the Labour Party and regular pronouncements on almost every subject apart from immorality, they have become a mechanism for transforming society rather than for improving the conditions of their members."

"If they succeed in destroying private enterprise, the result will be to imprison their members in a low productivity, low standard, declining Socialist society."

Instead, Dr. Boyson advocates reforms which would make all union contracts binding "as in all other lawful contracts in a civilised society."

Meanwhile, pickets should be limited to a maximum of six at a place of work and legislation introduced to ban the closed shop. An end should be made to supplementary benefits to "strikers' families"—now a preposterous perversion of the Welfare State.

Dr. Boyson argues that the use of conciliation machinery like ACAS should be checked, while the tax exemption enjoyed by unions and their privilege of immunity from actions for defamation should be halted. He also canvasses the idea of measures to outlaw strikes in key services which "hold the public to ransom."

Centre Forward, a Radical Conservative Programme by Dr. Rhodes Boyson, Maurice Temple Smith Ltd. £2.25.

Jobs proposal worth studying, says Booth

BY SUE CAMERON

MR. ALBERT BOOTH, Employment Secretary, said yesterday that the idea of employees taking one year off in four so as to provide more job opportunities ought to be considered.

The suggestion was put forward last week by Mr. Terry Duffy, the new president elect of the Amalgamated Union of Engineering Workers.

Mr. Booth told a Commons Select Committee investigating unemployment that if the idea were put into practice it would be best if details were worked out through the normal collective bargaining process.

It would be possible to legislate on the re-allocation of jobs for employees returning to work after a year off. This had already been done for married women returning to work after pregnancy.

But the Secretary of State did not believe this was the best way of implementing the kind of scheme proposed by Mr. Duffy.

He reckoned that a man earning £25,000 a year, who could also take advantage of the capital gains relaxation in the Budget, would benefit by something like £3,500 a year from the Tory proposals and the Budget combined.

"Over half the manual workers earn less than this," he declared.

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Tory peers score new Assembly Bill win

THE LORDS yesterday continued to maul the Scotland Bill, removing yet another of the powers devolved to the proposed Scottish Assembly.

Peers backed by 14 votes a Tory move to take away control over road licences and permits. These involve bus services. Voting was 83 to 79.

On Tuesday the Lords removed a series of powers including those over airports, forestry and waterways.

Lords Campbell of Croy (C) said the road transport responsibilities should be reserved by the Government as, he argued, the border between England and Scotland could become an obstacle if there were different systems of road management.

Lord Morris called for the retention of the present common national approach to licensing, and the maintenance of standards. This was what the passenger road transport industry wanted.

It was also in the best interests of passengers generally that there should be uniformity of approach. For the Government, Baroness Stedman said she wanted to devolve responsibility on matters of close everyday concern to the people of Scotland and this clearly applied in bus services. It would "harm the Assembly" if it were denied competence on bus services.

Under the Bill, the Assembly would be responsible for road service licences covering issues like fares and frequency of services, but it would not have control over public service vehicle licences or freight operators' licences.

The Government was ensuring that "the construction and safety standards of vehicles will continue to be dealt with in the U.K. as a whole."

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Investment surcharge win for Government

BY JOHN HUNT

THE CONSERVATIVES were defeated when they moved amendments to an attempt to raise the starting levels at which investment income surcharge becomes payable.

An amendment to raise the starting point for those under 65 from £1,700 to £2,000 was defeated by a majority of 14 (273). The Conservatives then failed to press a further amendment putting up the starting point for over-65s from £2,500 to £3,000.

Mr. Peter Rees, a Tory Treasury spokesman, wanted to know why the investment income of a widow should be treated more harshly than the income of a civil servant who had an inflation-proof pension.

Mr. Joel Barnett, Chief Secretary to the Treasury, said that the cost of the Conservative proposal would be £20m. in a full year. He pointed out that 91 per cent of people with investment income would not be paying the surcharge.

He also estimated that a Liberal amendment to throw out the higher rate of surcharge of 15 per cent would cost £120m. in a full year.

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Plans for Scottish Parliament unveiled by Nationalists

PLANS FOR a separate Scottish Parliament, complete with its own Prime Minister and Cabinet, were published by the Scottish National Party, yesterday.

Under the proposals, Scotland would have its own civil service, public boards, and a Minister of the Environment and a Minister of the Interior in decision-making would be ensured.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

SERVICES

Heat loss detected

A NEW company called BL can be calibrated by reference to Thermographic Surveys has been set up to provide a service in infra-red imaging to industry. Joint owners are Byeld and Lauridsen of Denmark and Tylan CAE, a Tate and Lyle subsidiary. Both companies have a thermographic background.

The company is employing about 540,000 of AGA Thermovision equipment from Sweden and will carry out comprehensive surveys at a cost of about £60/hour.

In effect, the equipment produces a black and white television picture, not of the visible light coming from a scene as with normal TV, but of the infra-red or radiant heat coming from the various parts of it.

The company believes that in a world that is becoming increasingly concerned with energy waste, such equipment will find increasing application.

On the picture, hot areas show up as white and cold ones as black, with a grey scale in between. By electronic processing of the signals, iso-therms can be imposed on the picture which

can be calibrated by reference to an external standard contained in the scene. Many of the applications will involve the loss of heat from buildings — badly insulated areas show up very clearly. But it is also possible to determine for example the condition of furnace linings, chimney stacks, reactor vessels and storage tanks.

Underground pipes carrying hot water or fluids can be quickly monitored for breakdown of insulation or leaks, corresponding hot areas occur on the surface and can be seen by the camera. Repairs therefore become a lot quicker and less expensive because a hole can be dug in the right place first time.

In electrical plant, faulty connections can be identified immediately due to the resistive heating produced: applications range from printed circuit boards in electronics to high voltage switchgear and transmission lines. More from the company at 20 West Street, Buckingham MK18 1HE (02952 4500).

INSTRUMENTS

Push-button analysis

THE latest ultra-violet/visible scanning spectrophotometer from Pye Unicam, SP5-200 combines the benefits of keyboard operation with microprocessor control and advanced data handling.

Wave-length scanning is initiated by keying in the required step and start wave-lengths, bandwidth, chart and scan speeds, and pressing the "Start" button. The processor then commands the monochromator to move to the start point and the chart to advance to a major grid line. Scan recording will then proceed automatically. The unit will remember such

in-tunitions, to be recalled for use later on. A high standard of optical performance is achieved by equipping each of the instruments with a master grating finer than a reproduction. In addition, the gratings and all the mirrors are silica coated, and the monochromator and beam splitter areas of the instrument are hermetically sealed.

Among the major facilities that can be added are a program control module, a data control unit, and a data output and remote control interface. More from the company at York Street, Cambridge CB2 3RQ.

Dual-role tachometer

LATEST portable tachometer from Havant Instruments measures rotational speed from 0.2 to 2000 rev./min., linear speed in feet/min., and can also act as an item counter on a production conveyor.

It uses a solid-state light source and a photodetector to measure the time interval between successive pulses of a reflective patch on the rotating object. The result is shown on a four digit liquid crystal display.

At the slow rotational speeds of up to one rev./min., the display is held until the next pass and is then updated. At higher speeds the measurement is made each second, the display being held also for one second. Similarly, metalised self-

Humidity meter

PI-TON the market by Texel Electronics is a hand-held humidity meter, battery operated, intended for use in environmental engineering, storage checking, computer operations and in research and development.

It makes use of a wet and dry probe and displays the relative humidity of air and other gases directly as a percentage on a digital (LED) display.

The Therm 2148 has a claimed accuracy of 1 per cent, over the range 10 to 99.9 per cent, with 0.1 per cent resolution. No further conversion of readings is required by reference to charts or tables.

The instrument will operate from the mains if required, and there is 0.5 volt output for the operation of a recorder.

More from the company at 13, Cunningham Hill, Road, St. Albans, AL1 3RN (0438 223331).



Thousands of feet of pipework at Walls' ice cream plant at Acton, London, have been clad in teflon-coated aluminium casings secured by stainless steel self-tapping screws. Main purpose of this work, which has been

MATERIALS

Collecting the dust

A RANGE of dust collecting materials using a special plastic with very high surface adherence coefficient, has been developed by Ernest Spritz of Rapperswil, Switzerland, who has appointed Teknis as U.K. distributor.

The material is said not to migrate plasticisers, or give off hazardous vinyl chloride compounds which can contaminate the very clean area users are trying to produce. It has an anti-bacterial agent which allows it to be used in medical applications. The "tackiness" is a physical characteristic of the compound, and dirt and dust may be cleaned from the mat by washing with mild detergent and drying with a squeegee.

Available in a variety of sizes and thicknesses (3mm and 5mm) the material may be welded (hot-air or in PVC welding) into larger areas.

Teknis has added the 3S Stop-

Slip Pads from Spritz to the range of specialised materials. It offers to the electronics, multi-spindle chucking, auto-aviation and other precision industries. This has been developed from the dust control materials, says the company, to offer very high coefficients of surface adherence which can be used to resist slipping of components on work surfaces.

The material, if contaminated with dust, dirt, etc., may also be cleaned with a mild detergent completely—however, the full "grab" is restored when the material dries.

Suggested applications include sorting of small components, retention of dropped components, prevention of loss of screws, washers, etc. in sensitive areas.

More information from the company at Teknis House, Meadow, Godalming, Surrey GU7 3HQ. Tel: Godalming 5432.

MACHINE TOOLS

Automatic turning

FRONT LOADING single and multi-spindle chucking automatic turning machines built on the unit construction principle and made in Germany by EMAG GmbH, West Germany, are to be marketed in the U.K. by Alex-

ander Marcar and Co. Offered as options are a pendant mounted computer numerical control unit for small volume turning of complicated parts and integral automatic loading and transfer equipment for mass production. There is a choice of beds, headstocks, drive units and controls.

As a contribution to high accuracy, the temperature within the machine is minimised by mounting most of the spindle drive equipment outside the headstock. The latter is mounted on wide hardened and ground bedways for swings over bed up to 350mm diameter and turning diameters up to 500mm.

Eight different inclined bed units allow 16 basic configurations and the company quotes one example: on the twin spindle lathe, a double bed design enables long workpieces to be machined on one spindle millseconds. The fourth is pre-settable by the user between 1m/s and 1 second.

Modular Power, 26 Sun Street, Waltham Abbey, Essex, Lea Valley (0892) 711822.

Quick repair of concrete

AN epoxy-based concrete repair kit developed by Protective Materials of Chessington needs no primer and so can make quick repairs to concrete floors and other concrete items.

Called Patch Pack, the kit consists of a resin, hardener and a graded filler in a single pack which is intended to be used one after the other.

applied by trowel, hardening overnight to form repairs which the company claims are generally superior to the concrete itself.

This chemically resistant material is also suitable for protecting concrete where attack is likely by water, oils, grease, some dilute acids and volatiles. More from Oakcroft Road, Chessington, Surrey (01-387 3441).

COMMUNICATIONS

Competition for international services

THOUGH Satellite Business Systems' main project, according to industry sources, is running to schedule with field trials due in the first quarter of 1979, a satellite launch in the third

quarter of 1980, and an operational system up in the first quarter of 1981 giving coast to coast U.S. coverage, opinion as to the real purpose of SBS continues to be divided.

It is quite clear from the way contracts have been awarded by SBS that IBM is in technological control, so SBS must have, within it, some view of the future as seen by IBM. To Dixon Doll of the DJW group, speaking at a recent London conference, SBS is but one element in an IBM attempt to move further into communications, and it will not be restricted to U.S. communications. He said that IBM would continue to pursue its attempt to get into international satellite services.

PH Dorn, on the other hand, a long-standing IBM observer, believes that it is unlikely that any monopoly common carrier (the PTTs) would allow SBS to go into business competitively. Certainly privately expressed opinion within some European PTTs indicates that no end-to-end service will be allowed except when it makes use of existing arrangements and PTT facilities, being charged on the same basis as other third parties.

SBS, meanwhile, seems to be developing as predicted in the documents it filed with the FCC. The CPES (Customer Premises Earth Station) will have a generalised interface to which all classes of communication devices can connect, whether analogue or digital, image, oriented, modern or hard wired.

SBS aims at customers whose minimum spend annually on telecommunications is at least \$10m.

Dorn says the Series 1 system is a crucial telecommunications product from IBM. It is the IBM version of the IXP (Interface Message Processor) found in packet switching networks, a very fast flexible switch capable of expansion, behind which IBM is putting considerable resources and market push.

Dorn considers this will be the "front end" device when IBM eventually announces its long awaited "IBM Plug" — the standard office product interface. And by 1982, just in time for the SBS launch, he expects it will be possible to connect a computer centre to SBS via that interface and Series 1.

transmission, 75 per cent, of the costs and the product lie in the "no man's land" area. If this area can be kept open, IBM in the U.S. has flexibility of options, and a large market into which to move.

The less developed countries may be unwilling, and unable because of lack of trained staff, poor infrastructure, and of course lack of capital, to continue to invest at the same levels in computing. Growth, therefore may depend on those parts of the computer industry which can perceive the coming pattern being able and willing to make the switch to offering a service.

Certainly this would make the currently unpopular views of Pierre Audoin, ex Plan Calcul official and now a consultant to the EEC, worth thinking about more deeply. He believes that SBS is but the first stage in an IBM plan for a universal computer communications network. By its ability to handle all the complex demands for DP orientated solutions and by bringing out a mass of new products, larger users may well decide that the only way to keep things under control is to hand over to a specialised body offering them all inclusive DP solutions.

Users would become simply subscribers to a distributor service, the IBM global DP processing network. And of course,

as the IBM/SBS customer set seems to be mainly targeted on larger companies, many of them multinational, the PTTs might have to face pressure to allow such solutions.

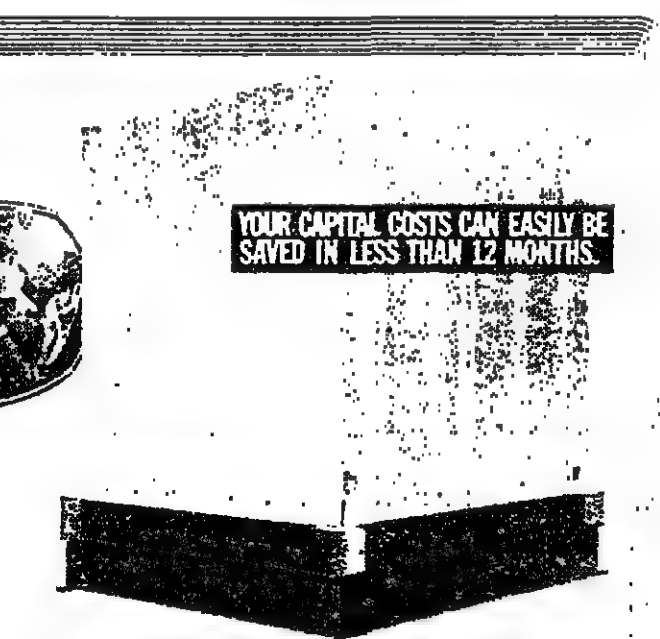
The Audoin counter-strategy would be the grouping together of the PTTs initially in Europe, in order to put up a comparable network.

This would demand co-operation between European hardware and software manufacturers and the PTTs. Certainly one may well speculate about the attitudes of large European companies when they find an SBS offering in America, and no similar solution on the horizon in Europe.

Currently, says Audoin, what is missing is the political will and the mechanics, the body required to co-ordinate everything for such a solution to come about, the body required to devise a counter strategy even if based on IBM-SBS models.

Certainly, though there has been much talk about the threat of SBS within European telecommunications circles, there has been singularly little action, and there seems no sense of urgency.

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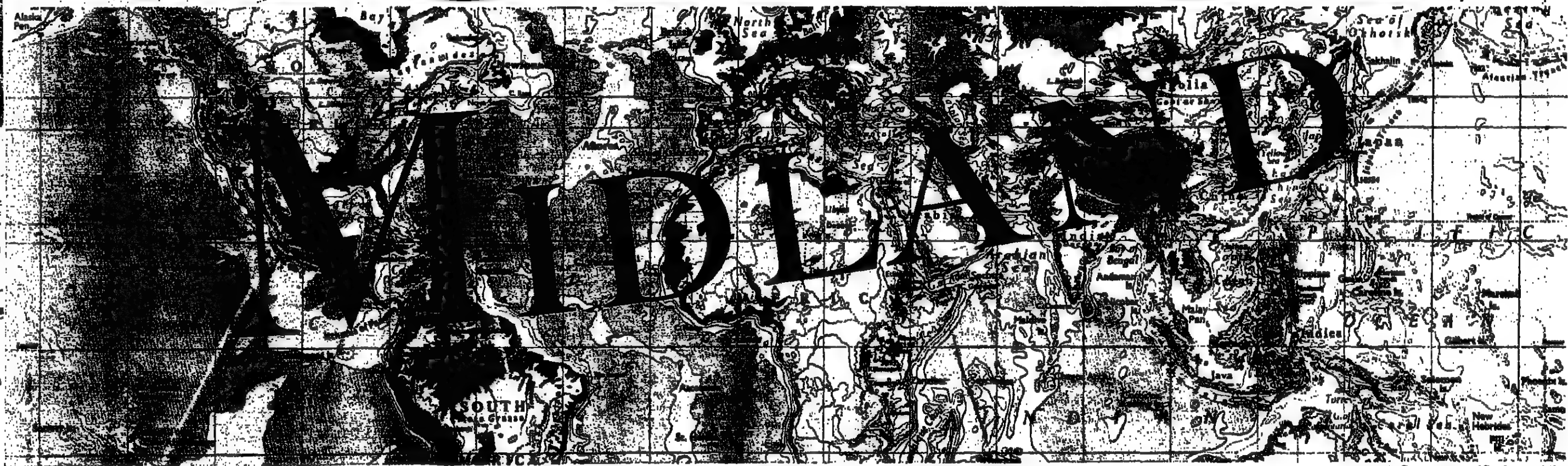
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THE JOBS COLUMN

Salary surprise • Credit • Travel

BY MICHAEL DIXON

AMID the enthusiasm for management education in this country a decade ago, some voices could be heard crying that we must beware of letting our new vision of the importance of good management blind us to the still greater importance of successful business.

It seemed to me a sensible warning then, and still does so today. Which is why I have an uneasy feeling about the results of a study just completed by Tony Vernon-Harcourt of Keyser Ullmann's remuneration services unit. The study took 101 big private enterprise companies in the construction industry, and statistically broke down their top U.K. managers' pay in two ways. The first was by their turnover. The second was by the number of people the company employed

in this country. Since quoted companies' accounts now give figures for directors and senior staff in the U.K. with total cash remuneration of £10,000 a year or above, Keyser Ullmann took as its raw material the most recent annual reports available from the 101 concerns.

These showed that, in all, about 500 directors were in the £10,000-plus bracket, as were some 1,100 non-directorial staff. A comparison with the previous period's reports from the companies, indicated that in the interim the number of directors entering the bracket had increased by only just over 1 per cent. The £10,000-plus collectors among the non-Board managers, on the other hand, had increased by no less than 40 per cent.

This, however, surprised Mr. Vernon-Harcourt less than did

another finding. Of the two alternative statistical breakdowns, he—like I—would have expected the one based on the companies' turnover to show the greatest influence over remuneration of pay. But instead, the study found numbers of U.K. employees to be the better indicator, as the summary figures in the table illustrate.

May this mean, I wonder, that the limit is now, not the sky, but the walls—that the prime factor in companies' executive-pay policies has become the bureaucratic yardstick of span of control as measured by numbers employed, instead of the organisation's success as measured by sales?

Fortunately for my optimism, there is no reason as yet for believing that a general tendency is depicted by this study (a full report on which is avail-

able for £19.50 from Tony Vernon-Harcourt at 25 Milk Street, London EC2V 8JE—telephone 01-606 7070). The construction industry might be a law unto itself.

But we shall know for the better, or the worse before long because Keyser Ullmann is planning to do similar surveys over the next few months, first in the engineering and industrial holding company sector, next in consumer-goods manufacturing and retailing, and thereafter in financial services. I hope to keep readers informed of the main findings as these become available.

International

DAVE MASON JOHNS, of PA Advertising, is looking for an international credit manager on behalf of a European division of the U.S.-owned textiles group, Burlington Industries.

The whole group's turnover is put at roughly £1.2bn., of which the division concerned presently contributes about £100m. The new credit chief is expected to play an important part in lifting the figure to £150m. sales income a year by the very early 1980s.

Based in the U.K.—I gather, probably in London—the recruit will have a department of about three people working here. But the responsibility will also cover similar depart-

ments working in Germany and Italy. Between these two countries, the customary delay between delivery and payment is said to vary from almost immediately to around six months. But the division's average record at the moment is apparently about 80 days.

The prime task of the job, of course, is to devise and execute procedures and policies to improve this average. But since customers' customs are tricky things to play with, sensitive judgment of credit-management based on consummate experience, preferably with a multi-national organisation is the main qualification.

Fluent English and French are basic needs, and a further language would help. Some idea of travel involved is given by the way, by the fact that the newcomer's direct reporting responsibility will be to divisional treasurer Sergio Roncolini, whose base is some 50 miles south of Rome.

The age indication is 30-40. Salary, on the other hand, is not disclosed. Even though guessing is complicated by the fact that the division would certainly consider English-speaking candidates from other countries, however, I am going to risk a personal estimate of the likely figure. Let's say up to £12,000. Perks negotiable.

Applicants should write out line details of appropriate experience to Mr. Mason Johns

at PA Advertising, Hyde Park House, 60a, Knightsbridge, London SW1X 7LE.

Accountant

A TRAVEL "buff" who is also an experienced commercially minded accountant is managing director Bruce Lyon's idea of the most likely candidate for the new chief finance specialist at his Twickenham Travel company.

Although having but 45 employees, the concern turns over about £500,000 a month in selling a wide-range of holidays and likewise, including specialities such as wild-life trekking. The main need, he says, is for someone demonstrably able to cope with all aspects of cash control, and foreign currency dealings, involved while supervising the routine accounting in the hands of a staff of five. An accountancy qualification is not essential, but would be all to the good.

"Age is immaterial," says Mr. Lyons—who, incidentally, is interested in computerising the accounts if this could be done appropriately—"so long as the experience and energy are right."

Salary range £8,000-£7,000. Applications in writing to the M.D. at 22, Church St., Twickenham, Middlesex. He may be telephoned with inquiries at 01-892 7806.

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Director	13,750	13,750	16,250	16,250	16,250	21,250
Senior staff	under 10,000	about 10,000	10,000	10,000-15,000	10,000-15,000	about 15,000
Numbers employed	Below 1,000	1,000-2,500	2,501-5,000	5,001-10,000	Over 10,000	
Chief executive	16,500	24,000	25,500	30,000	40,000	
Senior director	13,750	18,750	21,250	21,250	26,250	
Director	13,750	16,250	16,250	16,750	23,750	
Senior staff	under 10,000	about 10,000	10,000-15,000	15,000	15,000-20,000	

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An international investment bank located in Mayfair area seeks a Junior Dealer with 6-12 months' experience to operate in the field of Japanese convertible bonds. A knowledge of Schweizer-Deutsch will be an advantage. The salary envisaged will be around £5,000 per annum, plus free buffet lunch.

Applications in writing to Box A6346,
Financial Times, 10, Cannon Street, EC4P 4BY.

Investment Analysts

Owing to promotion and expansion, vacancies exist for analysts with at least two years experience.

Of particular interest would be candidates with knowledge of the financial sector or European markets. Good opportunities exist for advancement both within the UK, and overseas.

Applicants should write enclosing curriculum vitae to D. W. J. Garrett, Robert Fleming Investment Management Limited, 8 Crosby Square, E.C.5.

ROBERT FLEMING

Eurobond Settlement Clerk
Phillips & Drew - Brentwood

There is a vacancy for a Eurobond Settlement Clerk at our Brentwood Office. Experience of accounts work would be an advantage. We offer a competitive salary, bonus, 40p luncheon vouchers, contributory pension scheme and 18 days' annual holiday rising to 25 days. This year's holiday arrangements will be honoured.

Please write giving full details of experience to:-

Staff Manager, Phillips & Drew
Regent House, 1 Hubert Road, Brentwood, Essex

BARCLAYS MERCHANT BANK

Corporate Finance Director
Assistant Director

Barclays Merchant Bank intends to appoint an additional Corporate Finance Director and Assistant Director to take part in its expanding activity in this field.

The emphasis at BMB is on its thorough and practical knowledge of industry and its requirements. In serving the needs of industrial clients, the Bank draws on the resources and experience of the Barclays Group. We are seeking candidates for these posts who have already been closely involved with industry. The people we want will combine the highest level of personal qualities and intellectual competence with a substantial record of achievement in corporate finance work.

Replies are invited, from men or women, who currently hold responsible positions in the Corporate Finance Department of a Merchant Bank or Stockbroker, or in an accountancy or law firm which handles this kind of work; or similar positions in industry.

Candidates should have a qualification in accountancy or law, and will probably also hold a degree or MBA.

The preferred ages for these positions are in the range 34-42 for the Director and 30-36 for the Assistant Director.

The salary and other benefits offered will be attractive and competitive.

Replies, enclosing full details of qualifications and experience, will be forwarded to the firm of management consultants advising on these appointments. All replies will be treated in complete confidence.

JWT Recruitment Ltd. (CF/FT),
40 Berkeley Square, London W1X 6AD.

هكذا منة الأمل

OPERATIONS ANALYSIS BANKING

London EC3

£6-8000 +
major benefits

A principal international commercial bank, our client is strengthening its operational analysis function creating new career opportunities.

There are two opportunities within the function: one is for a senior analyst to lead small teams in systems examination and operational review; the other is for an analyst who will undertake similar work abroad travelling 100% of the time and living, of course, at the bank's expense.

Both positions offer excellent opportunities for promotion both in the UK and overseas. Applicants preferably aged 24-32, and either male or female, should have wide experience in bank operations although it is possible that a chartered accountant with bank audit experience could be suitable. Please telephone or write to Stephen Blaney B.Comm., ACA quoting reference 1/1691.

EMA Management Personnel Ltd.
Burne House, 88/89 High Holborn, London, WC1R 6LR
Telephone: 01-242 7773

Opportunities in International Corporate Finance

County Bank, the wholly-owned merchant bank of National Westminster Bank, needs two further executives with the potential to make a contribution to its growing international corporate finance and eurobond activities.

The first requirement is for an executive with significant experience in international corporate finance - preferably in the eurobond market. He or she is likely to be a graduate, aged between 26 and 32, with a professional qualification in law or accountancy or equivalent.

The second requirement is for an executive with some experience in international corporate finance or banking, who would like to gain a greater experience in this area. The successful candidate is likely to be a graduate and/or have a professional qualification or equivalent. He or she is likely to be aged between 24 and 28.

Candidates for both jobs should be internationally orientated, be keen to travel, and preferably fluent in another language.

Salary and benefits will be highly competitive.

Please write in confidence, with a concise career résumé to:

D. Woodward,
County Bank Limited,
11, Old Broad Street,
London EC2N 1BB.

County Bank

A member of the National Westminster Bank Group

Controller and Internal Auditor

An important international organization located in Rome, Italy, has requested our assistance in the recruitment and selection of two qualified executives in the financial and accounting areas.

We are seeking applications from qualified candidates from both developing and developed countries.

CONTROLLER Reference - ES 530

The Controller will have responsibility for supervision of all accounting activities of the organization, reporting to the Director of Financial Services. Candidates should have a high level of professional qualification - Chartered Accountant or equivalent and a university degree - and a minimum of ten years' successful experience, preferably with an organization engaged in international operations, which should include preparation of monthly financial reports for management and the development and implementation of accounting systems and procedures. Experience in planning and implementing mechanization of accounting systems is desired.

INTERNAL AUDITOR Reference - ES 720

The Internal Auditor will be directly responsible for planning and carrying out financial and operational internal auditing for the organization, reporting directly to top management, and will be involved in liaison with the organization's external auditors. Candidates must be professionally qualified, preferably a Chartered Accountant, with a background of auditing experience gained in the internal audit function of an international group or with an international audit firm, and should have had a minimum of five years engaged in planning and managing audit activities.

Specific qualifications which apply to the two positions are:

- age from 35 to 50 years;
- fluency, both spoken and written, in English is essential - as well as in one other language such as French or Spanish or Arabic.

Salary and total remuneration, which will be net of tax, and other terms of employment will be fully consistent with the levels of responsibility of these positions, and with the qualifications and experience presented by the successful candidates. Career prospects are excellent. Initial contract is for two years.

Applications, which will be treated in strict confidence, should contain detailed curriculum vitae including personal particulars and qualifications and experience related to the position, and indicate the reference number of the position applied for. Applications should be sent as soon as possible to Price Waterhouse & Co., MAS Department, Via Aniene 30, 00198 Rome, Italy.



Commercial General Manager DIRECTOR DESIGNATE

c. £15,000 p.a. plus - and fringe benefits, Central London

This is a unique opportunity, through a new top level appointment, to share in the development of a young but rapidly expanding company, owning and publishing African periodicals.

The Chairman spends much time travelling internationally. He wishes to delegate responsibility for all aspects of the business except editorial and art work to a Commercial General Manager. A Board appointment is envisaged in due course. The delegated responsibilities will include advertisement sales, circulation sales, production (sub-contracted), finance and accounting, office administration and personnel management. Candidates, in the age range of 35-50 years, should preferably have a University degree or comparable qualification and should be able to demonstrate:

- experience in, or responsibility for, marketing and selling, preferably of services;
- a good understanding of financial and cost control and budgets in practice;
- experience in managing several departments, and of organizing for improved performance;
- experience in the publishing and printing trades an advantage but not essential. Fringe benefits include car, Service Contract, and assistance with relocation costs.

Please reply to us quoting reference CG/1290/FT on both envelope and letter. Men and women are invited to reply. Letters will be forwarded, unopened, to our Client. If there are any companies to which you do not wish your application to be sent, please indicate this in a separate letter addressed to the Security Officer.

Urwick Group Advertising Ltd

Urwick Group Advertising Ltd
Shoeburyness, Essex S21 3PF

Orion Bank

c. £13,000

Manager Banking Department

Orion is an international investment bank with assets exceeding £1 billion and a substantial loan portfolio.

Orion now offers a rewarding opportunity for a person, aged 27-35 years, to lead a young dynamic team of account executives, credit analysts and loan administrators.

The successful applicant will probably have a degree or professional qualification and should have gained a sound practical understanding of credit analysis, loan administration and the drafting of loan agreements and syndication memoranda, preferably from within an international banking environment. After initially working with the current Head of Department, the person will assume full responsibility after a short period, and, as Head of Department, will be reporting to an Executive Director.

In addition to the opportunity of promotion in the medium term, Orion offers excellent fringe benefits including non-contributory pension, free family private health scheme, free life insurance, subsidised house mortgage facility at 2 1/2%.

Applications, which will be treated in confidence, should be accompanied by a curriculum vitae and sent to:

The Personnel Director,
Orion Bank Limited, 1 London Wall, London EC2Y 5JX
Tel: 01-600 6222

ORION

Money Management

London

up to £7850

British Gas, one of the largest and most successful growth industries in the United Kingdom, has two key vacancies in the Treasury Department at its Headquarters in High Holborn. The vacancies offer high potential for enthusiastic and commercially motivated young graduates or accountants. One post involves assisting in, and at times carrying the responsibility for, the management of the Corporation's sterling loans and investments in the London Money Market. (Reference F/223801). The other post involves advising on foreign currency exposure management, exchange control, export credits, foreign exchange dealing and the negotiation and administration of foreign currency loans including project finance. (Reference F/220201).

Probably in their late 20's, applicants, male or female, should possess a financial background and relevant professional qualifications, and have acquired sound commercial experience. They must be self-starters who can communicate effectively with senior management, and show flair for commercial negotiations. The current salary range (under review) is £5700 pa to £7850 pa. Assistance will be given with relocation expenses, where appropriate. Write, giving full details of age, qualifications, experience and current salary, quoting the appropriate reference number, to the Senior Personnel Officer (London), British Gas, 59 Brynston Street, London W1A 2AZ. Closing date for applications 27 May 1978.

BRITISH GAS

Young Accountant

c. £7,000

Opportunity in Group Finance with Charterhouse, a City Group involved in a wide variety of enterprises.

The young Accountant would work in the Group Finance Department and be engaged in the area of management and control of the Group's financial resources.

In addition to this opportunity to see the Group from the centre, the job will enable the successful candidate to keep his/her accountancy skills up to date.

Good performance should lead to early promotion within the Group.

Applicants should be qualified accountants aged around 26.

There is an attractive range of benefits.

Please write to: Peter Wallum, Personnel Consultant, The Charterhouse Group Limited, 1 Paternoster Row, St. Paul's, London EC4M 3DH.

CHARTERHOUSE

Ashbrittle Limited

International
Recruitment Consultants

COMPANY MERGERS, SALES AND TRANSFERS -An Exciting Opportunity Up to £7,000 + Profit Share North of London

★ We are a small, well established service industry company operating successfully in the fields of recruitment and management consultancy.

★ In order to implement our current policy of expansion and diversification we require a highly ambitious financial entrepreneur, preferably a Chartered Accountant aged 27 to 35, to set up and develop a company broking division.

★ Relevant experience gained with a Merchant Bank or on the consultancy side of an accountancy firm is essential although full support in the planning and early operation of the division will be given.

★ Why not telephone our Chairman Mr. R. S. Jeffries in strict confidence for a preliminary discussion or write to us at the address below.

Ashbrittle Limited, Seabrook House, Wyllyatts Manor, Dorkes Lane, Potters Bar, Herts. Tel: Potters Bar (STD 0707) 42406

Foreign Exchange Dealer

Major U.S. Corporate Bank
Toronto based Aged 25-35

Our client, a leading New York bank seeks an experienced Foreign Exchange Dealer to re-locate permanently to Canada and assume responsibility for its Canadian subsidiary's Toronto Office, Foreign Exchange Dealing and Treasury operation.

Candidates should have at least 3 years' Foreign Exchange Dealing experience, a proven record of achievement and be currently active in the market.

Remuneration will be commensurate with experience, initiative and ability and a starting salary of between C\$20-30,000 will be paid, together with a comprehensive range of fringe benefits including a pension scheme and a house-purchase scheme. Relocation expenses will be met in full.

Applicants should write, in confidence, enclosing a full personal history and indicating to which companies, if any, their application should not be referred to:

L. Duskwick, Esq., (Ref: CRS/48), Lockyer, Bradshaw & Wilson Limited, North West House, 119/127 Marylebone Road, London NW1 5PU.

LBW

LOCKYER, BRADSHAW & WILSON
LIMITED

Head of Finance Planning

£9840-£11,850

This appointment, which is open to both men and women, arises in the Central Finance Department of the Post Office.

The Job

Involves responsibility to the Director of Central Finance Planning for:

- * the co-ordination of medium/long term financial plans;
- * financing the capital programme;
- * pension funding.

The Successful Candidate

who should already be filling a senior post in financial management, will have:

- * extensive relevant experience;
- * proven ability to control and give leadership to support staff;
- * communication skills of a high order, both oral and written;
- * an economics degree or Business School background.

It is unlikely that anyone not already in their mid-thirties will have had the appropriate experience.

For this London-based post the initial salary will be in the range quoted above. Other conditions are of a high standard.

For further information and an application form write, or telephone: W. Cockburn, Director, Central Finance Planning, Post Office Central Headquarters, 23 Howland Street, London W1P 8HQ. Tel: 01-631 2485.

Closing date for receipt of applications 23 May 1978.

The Post Office

Reed Executive

The Specialists in Executive and Management Selection

Commercial Director

Leisure and the Consumer 2 Five Figures plus car and benefits

The Board of a successful Northern Company wish to bring in a talented executive whose skills will complement their own. They already have a wealth of financial, specialist production, and personnel expertise and the company has been a front runner in its market sectors for over three-quarters of a century. Highly developed business acumen, sensitivity to the human resources aspects of management, and a successful record at or near board level are prime candidate requirements. Suitable industrial backgrounds include retailing, catering, food and leisure. The salary will be negotiated well into five figures, together with substantial benefits.

Telephone 0532 459181 (24 hr service) quoting Ref: 3351/FT. Reed Executive Selection Limited, 24-26 Lands Lane, Leeds LS1 8LB.

The above vacancy is open to both male and female candidates
London Birmingham Manchester Leeds

Jonathan Wren - Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

CREDIT ANALYST

Our client seeks a person in his/her mid 20's with 2/3 years previous Credit Analysis experience, preferably gained with a U.S. bank. Candidates should also have knowledge of Eurodollar Syndications, and fluency in French or German will be an added asset.

Contact: Norma Given, Director

INTERNAL AUDITOR

£6,000+
Our client, a leading international bank, seeks an experienced internal auditor who has good all round international bank experience. The ideal candidate will be an A.I.B. and will be not older than 30. This is a position with good promotional prospects and includes a considerable measure of responsibility.

Contact: David Grove

YOUNG BANKERS

to £4,500
There are currently several opportunities available for young bankers with experience in various departments of international banking. Among the areas where vacancies currently occur are Foreign Exchange, Accounts, Eurobonds, General Banking (including Cashiering), Reconciliations, Bills/Documentary Credits and Loan Administration. Salaries range from £3,000 to £4,500.

Contact: Norma Given, Director

170 Bishopsgate London EC2M 4LN 01-623 1266/7/8/9

Financial Director-Europe

for the European subsidiary of an international industrial group. Turnover is well into 8 figures and a high proportion of it is exported from countries of manufacture.

The appointed candidate will contribute significantly to the general management and policy formulation activities. Responsibility will be for all accounting and related functions, including financial planning, currency exchange arrangements, and computer based control systems.

Probably aged 35 to 45, candidates must be qualified accountants with proven senior level financial/accounting management experience within international manufacturing organisations. Their preference should be for working in a vigorously directed environment.

Salary around £12,000, car, re-location help to Midlands.

Please write - in confidence - to G. E. Howard ref. B.29415.

This appointment is open to men and women.

MSL Management Consultants

Management Selection Limited
Union Chambers
63 Temple Row, Birmingham B2 5NS

Business Planning

Cummins Engine Company, the world's leading independent producer of high speed diesel engines, with combined US and world-wide sales in excess of \$1.3 billion, needs a Business Planning Specialist for their European headquarters based in Surrey.

The job should appeal to MBA's with experience of Financial/Market analysis and planning, who seek an appointment to lead in the conception, analysis and planning of business strategies for the UK, Europe, Mid-East and African markets.

Salary is negotiable.

Please telephone (01-629 1844 at any time) or write - in confidence - for information. G. V. Barker-Benfield ref. B.8027.

This appointment is open to men and women.

MSL Management Consultants

Management Selection Limited
17 Stratton Street London W1X 6DB

OVERSEAS DEVELOPMENT

KNOW-HOW vital to developing countries

Financial Management Analyst

Jamaica

To develop courses of study and training in financial administration. Applicants under 55 years of age should have University degree in Economics or Accountancy qualifications and considerable experience, preferably in both public sector and private corporate finance and administration.

Appointment 2 years. Salary (U.K. taxable) to be arranged plus tax free Overseas Allowance in scale £1,335-£3,510 p.a.

The posts are wholly financed by the British Government under Britain's programme of aid to the developing countries. In addition to basic salary and overseas allowances other benefits normally include paid leave, free family passages, children education allowance and holiday visits, free accommodation and medical attention. Applicants should be citizens of the United Kingdom.

For full details and application form please apply, quoting ref. 328D stating post concerned and giving details of age, qualifications and experience to:-



Appointments Officer,
MINISTRY OF OVERSEAS DEVELOPMENT,
Room 301, Eland House,
Stag Place, London SW1E 5DH.

HELPING NATIONS HELP THEMSELVES

INTERNATIONAL ACCOUNTING

Corporate Audit and Operational Review

Based in London c.£7,000 + Car

Occupying a dominant market position, our client is a \$ multimillion engineering group which manufactures and distributes a wide range of products.

Reporting direct to New York the successful candidate will be responsible for the audit and review of the accounting and control systems of the European subsidiaries as well as acting as adviser to local controllers.

Candidates, male or female in the 26-35 age group, should be motivated qualified accountants with a working knowledge of French.

For further details please contact Neville Mills A.C.I.S. or Timothy Falder A.I.F.M. quoting reference number 2152.

Commercial International Director

Douglas Lambias Associates Ltd.

Accountancy & Management Consultants
410 Strand, London WC2R 0NS Tel: 01-836 9931
121 St Vincent Street, Glasgow G2 7EP Tel: 046 2121
3, Colindale Avenue, London NW9 1DA Tel: 020 205 1044



MERCHANT BANKING AUSTRALIA to £20,000

One of the largest and most successful Merchant Banks in the Far East seeks a Managing Director for a new merchant banking operation in Australia. Salary negotiable to equivalent of £20,000 sterling plus good benefits. Location, Sydney.

Candidates, probably aged 35 to 45, will have broad-based international financial experience. Knowledge of Australian financial markets is essential. Candidates should be self-motivated, determined and energetic. (PW.470)

Candidates should write briefly and in confidence to the Managing Director, Executive Appointments Limited, 18 Grosvenor Street, London W.1, quoting reference. No identities divulged without permission.

Broker Consultant

Linked Life Assurance

A rewarding opening currently exists with Gresham Life for a man or woman experienced in broker consultancy. The successful applicant will be responsible for selling a recently launched range of unit-linked policies in London and the Home Counties. Applicants must have a successful sales record in insurance with the ambition and motivation necessary to take advantage of an excellent "ground floor" opportunity.

We offer a starting salary of up to £7,000 per annum depending on experience plus benefits including production bonus, company car, non-contributory pension and health schemes and a subsidised mortgage plan.

If you are interested in this challenging career opportunity, please telephone or write to



Colin Lewis, Director, Gresham Life Assurance Society Ltd., 25 Prince of Wales Road, Bournemouth, BH4 9ED. Tel: (0202) 767655 Ext. 209.

Accountants

up to £8,500

If you are a problem solver with the ability to think laterally across the spectrum of accountancy and economic issues then here is an unusual opportunity to gain valuable experience.

An important independent Government Agency now needs a Chartered Accountant to analyse and investigate the performance of major UK Organisations in manufacturing services and distribution.

Aged 23-33 and with proven experience in a professional firm or commercial environment at a senior level, you will become involved in various multi-disciplinary teams assessing prices, costs, margins and profits in a highly varied field.

Experience in DCF techniques and investment criteria as well as of special investigation work and an awareness of current accounting trends will be a distinct advantage.

PER
Professional & Executive Recruitment

For further details please contact:
B. Barker on
(01) 235 7030 Ext. 210.

Applications are welcome from both men and women.

Investment Manager

Geoffrey Morley & Partners Ltd was formed seven years ago to provide an independent and personal investment management service for pension funds. Funds under management now total some £120m., and are growing fast.

A young, ambitious investment manager is required to whom the scope for initiative and responsibility provided by a small firm appeals.

The successful candidate will be able to demonstrate a proven record of achievement, and should quickly progress to become a Director.

Salary and profit sharing bonus will be generous, and fringe benefits include a contributory pension scheme and BUPA.

Preferred age 28/32. A degree or professional qualification is essential.

Reply in confidence to Geoffrey Morley at 27 Great James Street, London WC1N 3ES. Tel. 01-405 4151.

ACCOUNTANCY ASSISTANT

(£4,572-£4,842) plus 1977 supplement

To act as Deputy to the Head of Loans and Investments Section and to deal with bonds and mortgages, maintenance of registers, issue of certificates, correspondence and computer input. To maintain and reconcile Loans Cash Book and other duties as required. Must have experience of accounting work at a senior level, including computer input and resultant tabulations and be able to supervise staff whilst working under pressure.

Closing date: 29th May Ref. No: 2/97.FT

For application form please telephone our 24-hour recruitment answering service 01-837 9988 or send request to the Civil Executive, London Borough of Camden, Town Hall, Easton Road, London NW1 7RU, stating post and appropriate reference number.

camden - an equal opportunity employer

Applications are considered on the basis of their suitability for the post regardless of sex, race & marital status. Also registered disabled persons with the necessary attributes are welcome to apply.



Financial Controller

Overseas Operations

A major engineering company situated in North Hertfordshire, seeks a Financial Controller to report to the Financial Director and be responsible for the management and direction of teams of management accountants working on large overseas engineering contracts. The successful applicant will also be required to liaise with and advise senior management to Director level both in the UK and overseas.

The seniority and nature of this post requires that the successful applicant will have had previous experience of overseas operations.

Applicants must be qualified Chartered, Certified or Cost and Management Accountants. Opportunities for overseas service will arise but the position is based in North Hertfordshire.

The salary and conditions of service offered are attractive and in keeping with a major company.

Applications, including full details of career to date, will be treated in strict confidence and should be forwarded to R. M. Marshall (Ref 125) Robert Marshall Advertising Limited, 30 Wellington Street, London, WC2E 7BD. Please list, in a covering note, any companies to whom you do not wish your application forwarded.

Robert Marshall Advertising Limited



Managing Director

Textiles

c. £12,500

Our client is a successful and profitable industrial group and now requires a Managing Director to control the activities of two medium sized companies manufacturing ladies tights in the Midlands.

The Managing Director will be totally responsible for the profitable direction of both companies and will be expected to personally control the sales activities with major store groups.

Candidates, male or female, must therefore have substantial experience of the knitting industry and have held a senior line appointment, with profit responsibility, at or near Board level. However, the personal qualities necessary to conduct negotiations at all levels with large and influential contract customers are also vitally important. The preferred age is 40 plus.

The rewards are excellent and will include a truly negotiable salary of around £12,500 p.a., quality car with a reasonable element of choice, pension scheme, life assurance, BUPA and relocation expenses where appropriate.

Please write in confidence to John Anderson, as Advisor to the company, quoting reference 820 at

John Anderson & Associates
Norfolk House, Smallbrook Queensway, Birmingham B5 4LJ.

GRADUATES...

Investment Analysis

In a major financial organisation such as ours, Investment Analysis is a key function. We are one of the country's largest insurance groups, with funds of more than £1,000 million.

For long-term career succession we wish to recruit two able young graduates as trainee analysts for our small professional investment team. Training will cover all aspects of the investment function including stock market operations, company financial analysis, overseas investment and will involve meeting stockbrokers and industrialists.

Candidates should be graduating in 1978 or have graduated in 1977 with a background of Economics, Business Studies or a similar discipline.

Starting salary will be around £3900. Success in training will lead to excellent long term salary and career prospects - with valuable fringe benefits.

Please write, giving brief details, or telephone for more information and an application form to Tony Bristow, Recruitment Adviser, Sun Alliance Insurance Group, 1 Bartholomew Lane, London EC2N 2AB.

Tel: 01-588 2345 ext. 1229.



SUN ALLIANCE INSURANCE GROUP

Financial Accountant ENGINEERING

A major manufacturer of Precision Engineering products, world leader in its markets and a member of a well known British international group, seeks a Financial Accountant.

Aged ideally c. 30 and qualified, you must be experienced in all aspects of financial accounting, in computerised systems and costing in an industrial environment, preferably engineering. Candidates above the ideal age will also be seriously considered.

Reporting to the Accounting Manager and controlling a department of 8 you will prepare and interpret financial information, forecasts and budgets for Company and Group Management using fully computerised systems.

You will also make available costing information as required.

Based west of London, this position offers outstanding prospects, which are not confined to the Company itself, to an accountant seeking involvement and the opportunity to be creative. The salary is negotiable and conditions of employment are good.

Please write to Richard Varcoe (quoting FT 114) showing how you meet the specification and enclosing details of your career to date.

Lee Jansen Recruitment Ltd., Manpower Consultants.
5 Lower Temple Street,
Birmingham B2 4JD

هكرامته الأجل

Redifon Computers Limited Financial Controller c.£10,000 p.a.

This well established, profitable, computer company, part of a public group based in Sussex, is seeking to appoint a qualified, appropriately experienced accountant to the management team.

Whilst there will be day to day financial control responsibilities, using computer systems and competent staff of an existing Accounts Department, priority for the person appointed will be development of the business. Substantial growth from the present turnover of £12 m. is envisaged requiring contact with financial and other organisations both in the UK and overseas.

The Financial Controller will be responsible for a wide range of financial presentations to Boards, Employees and Customers. To the starting salary, which is negotiable, will be added a car and relocation expenses, as well as other fringe benefits appropriate to such an appointment.

Please write with adequate particulars, in confidence, to John Finnigan, Personnel Services Division of:-

Spicer and Pegler & Co.,
Management Consultants,
3 Bevis Marks,
London EC3A 7HL

International Credit Management

Our client is a European Division of Burlington Industries Inc., a major US manufacturer. They are currently seeking a credit manager to be responsible for credit and collection policies and procedures applicable throughout Western Europe. The credit manager will report to the top management of the division. The level of sales and receivables is such as to require the highest standards of professional management — and a sound knowledge of European trading practices and terms. The candidate will therefore have at least ten years' experience in credit management — of which three to four will have been in international work, and will currently be occupying a fairly

senior management position. As some travel will be required he or she should have knowledge of one or more European languages. Salary will be fully negotiable according to age and experience and will be accompanied by a realistic benefits package. Ref: S3686/FT REPLYES will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to whom they should not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874



A member of PA International

Financial Controller five figure salary + car

The company is a household name in this country and in many other countries of the world. The products are brand leaders. There is a high volume low margin business with a turnover in the United Kingdom of about £20 million.

Later this year the chief financial officer will be promoted and the search has begun for his successor. Responsibility for accounting and finance, with the emphasis on dollar reporting, is direct to the chief executive. The financial controller is also responsible for providing guidance to the operating divisions and for early identification of opportunities for expansion.

The requirement is for a qualified accountant, probably chartered, with a record of achievement at management level in a consumer product multi-national company. Familiarity with US accounting practice would be an obvious advantage.

Location North London. Age late thirties or early forties. The salary which is negotiable will be of interest to those earning £12,500 or more. There is a company car and a bonus.

Please write in confidence for a job description and an application form to David Prosser, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 8SY, quoting MCS/2658.

Price
Waterhouse
Associates

General Manager

SAUDI ARABIA

from £16,000 tax free + generous fringe benefits

Our client, Thomas Cook, are world famous for the travel and travel related services they provide. In joint venture with a leading Saudi business house, they plan to enter the Saudi Market, and intend to make a new appointment responsible for the profitable development of this vast market.

Candidates, preferably with some commercial qualifications and with experience in overseas business, must have marketing knowledge and must have held profit responsibility. The right personality, commercial outlook and adaptability to the difficult working environment are considered more important than prior travel industry knowledge.

For an exceptional candidate, salary would not be a limiting factor.

Apply for an application form, quoting ref. JED 1054, to ERP International Recruitment Limited, Clemence House, St Werburgh Street, Chester. Chx aDY. Tel: 0244-37786 (Answer after 5.00 pm).

Offices in London, Chester, Jeddah, Amsterdam, Brussels, Milan, Paris.

ERP
INTERNATIONAL

FINANCIAL CONTROLLER

S.W. Essex

at least £8,000 + Car

Our client is a major shipping company, with extensive plans for expansion in the U.K. into related fields.

To service this planned development, a new subsidiary is being established and the successful candidate will be responsible for running the accounting function of the existing company and for developing computer based management procedures throughout the expanded operation.

Candidates will be qualified accountants probably aged 30/40 who are looking for a senior management role with a developing company. They should be self-starters and able to communicate with managers and staff at all levels. Successful performance will lead to an early Board appointment.

For further information and a personal history form please contact Nigel V. Smith, A.C.A. or Peter Dawson B.A. quoting ref: 2155.

Commerce/Trusts/Debt

Douglas Llewellyn Associates Ltd.

Accountancy & Management Recruitment Consultants

410, Strand, London WC2R 0NE. Tel: 01-836 9501

121, St. Vincent Street, Glasgow G2 8VW. Tel: 041-225 7744

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FINANCE CONTROLLER c.£8,000. New appointment. Leeds.

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The Marketing Scene

Tesco joins the Texas trail

BY ELINOR GOODMAN, DALLAS, May 10

IF EVIDENCE were needed of the relative sizes of the British grocery industries, it was provided at last week's meeting in Texas of the U.S. Food Marketing Institute. The convention, attended by over 14,000 delegates, made the annual meeting of Britain's Institute of Grocery Distribution, held the week before in Brighton, seem like a branch of the local chamber of trade.

For three consecutive mornings, delegates had the choice of attending 10 ideas workshops. If they did not make it to the right theatre, they could have bought a tape recording of the session and taken it home with them. The number of people at some individual sessions was bigger than the entire delegates list at the IGD, and there was no hanging around—no breakfast would be served, the programme said sternly, after 8.30, and delegates were asked to rate sessions on a scale of 1 to 10.

At noon, the floodgates to the market which permits this freedom, the value of which Dallas convention centre were opened. There, in an area four times the size of the average Carrefour hypermarket, were displayed wares of the U.S. grocery industry. Walking round it was like entering a food marathon. Interspersed between an enormous number of different food stands were the equipment manufacturers. The longest queues were generally at those stands showing the new kind of automated scanning checkout where customers, as they walked, showed off the wonders of the scanning system with the enthusiasm of schoolboys who had just received a new train set.

Amid it all, the Elsie Borden Dairy Company's ovine answer to the Brooke Bond PG churning placidly chewed her cud and seemed oblivious to it all. An

old hand at exhibitions, she was described by one of her enthusiastic attendants as the "most efficient food processor in the building."

Not all the dozen or so British visitors were overly impressed by the originality of the ideas on offer. But just by virtue of its size, the U.S. market will always provide for Europe's retailers. Last year, food sales in the U.S. reached \$162bn. and within a market of that size there is no single formula for success.

While U.S. retailers may be worried because they no longer enjoy automatic sales growth, they are not having to cope with the fall in demand that has occurred in Britain.

Instead of putting all the emphasis on price, retailers are using other forms of promotion. Games like bonus bingo are big in some areas, while other chains are asking customers to collect till receipts in much the same way as they used to save trading stamps. The figures suggest that stamps themselves made a small

comeback last year—from 10 per cent. of supermarkets giving them to 12 per cent.—but nobody seems to expect them to recover to anything like the 50 per cent. of the 1960s. American retailers today, it is said, want promotions they can move in and out of according to competitive situations, rather than the long-term commitment.

Developments discussed at the Dallas convention were a blend of the familiar and the unfamiliar in terms of European markets. On the familiar side there was the extraordinary growth of the convenience stores of the kind run by the Southland Corporation under the name of 7-Eleven. There were more of these shops—most of them very small—by British standards, than ever before. The number of stores opened last year than super-

markets. Unfamiliar, too, was the pre-

occupation with the threat posed by take-away food operators, though this may well become more of an issue in some areas, while other chains are asking customers to collect till receipts in much the same way as they used to save trading stamps. The figures suggest that stamps themselves made a small

ishment seems to believe that such stores will never make big inroads in the States, where customers expect their goods to be wrapped for them and demand a smile from the checkout assistant almost as a right. But with food price inflation expected to pick up again this year, prices are still a keen issue and variations on the box store are emerging all the time.

The advent of retailers' unbranded lines, similar to the products lines introduced in Europe by Carrefour, is another aspect of the same battle. In the last 12 months a number of chains in the Mid-West have come out with unbranded generic lines which are packed in deliberately plain-looking wrappers and are considerably cheaper than most traditional own-brand and branded lines.

Again, the U.S. grocery establishment, at least as represented by the panel of grocery trade magazine editors that addressed other journalists on the subject, seem open to the view that they are cheap and nasty products which offer the consumer no benefit.

The fact that U.S. retailers should be so concerned about two developments, which originated in Europe, is itself an example of the way things have changed over the last 10 years. In the early days of self-service, Americans had a clear lead in the development of new food retailing techniques. Now the situation has been at least partially reversed. Certainly one British retailer, who could be said to be the American at what was once considered their own game, among the British visitors to Dallas was Ian MacLaurin, Tesco's brilliant managing director. His purpose in being in Texas was clearly to attend the convention. He was also looking for a local supermarket chain to buy.

St. Bruno still hoping for our magnanimous approbation

BY MICHAEL THOMPSON-NOEL

NEWS THAT OGDENS, the Imperial Tobacco subsidiary, was on the look-out for a new St. Bruno Girl was bound to capture headlines in the press, and so it did. It was also certain to generate an avalanche of applications, and so it has. In the past ten days, hundreds of telephone calls have been received at the production company, plus 30 to 40 letters a day. Four of the calls were from men.

But behind the froth of the St. Bruno Girl's image lies a deadly serious market. In the year to last October, sales of pipe tobacco reached 10m. lbs worth £120m. at RSP. At present, market leadership is shared by St. Bruno and Gallaher's Condor, which have around 20 per cent. each, with Benson and Hedges Mellow Virginia the third member of pipe tobacco's Big Three.

Naturally, they're heavily advertised. Last year, on a M.E.L. basis, the expenditures were £255,100 for St. Bruno, £253,500 for Condor and £441,500 for B and H Mellow Virginia out of a total in this sector of £2.7m. But the TV campaigns for the Big Three brands differ conceptually. The Condor ad campaign is designed to concentrate on the aromatic qualities of pipe tobacco, while St. Bruno is sold on a platform of social acceptability.

Thus the Girls. The agency involved is Savino and Co. When it took over the St. Bruno account in March, 1976, St. Bruno's brand share had slipped from 28 to around 17 per cent. thanks to some catchy but negative advertising over the preceding seven years.

In November, 1976, Savino hired the first of the St. Bruno Girls, the remarkable Sullana Judd (see picture) who received £10,000 for 12 months' work which involved numerous promotional appearances as well as lip-synching to the camera. "Show me a man with St. Bruno in his pipe and I'll show him my magnanimous approbation," Girl No. 2—



the policy is to change them after 12 months—was the equally delicious Sandra Dickinson. Girl No. 3, who will start work early next year, will be encouraged to take an even more humorous approach.

The Savino agency, now billing £2m. a year, agrees that the original intention of the campaign was to attract attention; now that it has, it hopes Girl No. 3 will continue to edge St. Bruno's market share in an appropriate direction. The short-list for the job is now down to four, though further selections will no doubt receive attention. St. Bruno Boys need not apply.

Banjo pick-up for Bates

THE TED BATES AGENCY, for the £1.5m. New Zealand Lamb chain's appeal to the younger which has taken some knocks account, saying clients should not judge agencies on the results recently, has received an important pick-up with confirmation of three to four weeks' intensive and mid-June via McCormick that Mars is putting at least speculative work but on their Richards.

McCormick, including an estimated continuing contribution to their £1.5m. above-the-line, behind its existing clients' businesses. The biggest-ever U.K. launch. The McCann-Erickson satellite formed product is the Banjo chocolate snack bar, which has already just 15 months ago, achieved a 143 per cent. spurt in MEAL.

McCann-Erickson, managing director of Vidal Sassoon Europe, £10m. by the end of the year, and is now virtually on the £10m. The hope is that Banjo sales will mark David Weibey, ex-Nielsen care products will be backed by heavy advertising via Ruwe.

Mars Bar itself. • BURTON CLAIMS its current Downtown. The account was part of the eight-strong short list advertising is increasing the viciously with Dorlands.

Man on the road now costs £12,000

BY RUDI GOLDSMITH

THE LATEST SURVEY on the cost of salesman carried out by Sales Force reveals a considerable fall in the annual pattern of cost escalation that has appeared in recent years. Co-operating companies' returns refer to the year 1977, but rather fewer companies co-operated this time, 38 as against 49 in the 1976 survey. Overall costs are 16.3 per cent. on that year, as against those of 1976 which showed a cost rise of 26 per cent. over 1975. Some of the specific cost features which are worth commenting on are as follows:

Salesmen's remuneration: The increase of 16.3 per cent. in 12 months of 1977 appears partially to reflect their changing role that is, the assignment to them of more difficult tasks,

coupled with the progressive erosion of simple functions such as shelf filling in supermarkets which are now being handled by women merchandisers. This has led to the exclusion of many junior salesmen and accounts for a part of the average rise of salesmen's remuneration.

Car depreciation: This clearly reflects the conventional accounting procedure of recovering the original purchase cost of a vehicle over its life. In the more correct financial sense that a company continuing in business has to replace its assets, this depreciation figure understates the inflationary impact of the cost of new cars. It is in very slight terms—a true business assessment is no longer

being reached by conventional accounting methods which, because of tax regulations, tend to ignore the cost problem of replacing assets.

Faster car replacement: In 1977 cars were being retained for an average life of 2.15 years (2.3 in 1976) and were discarded after an average mileage of 21,000 a year. The average purchase cost of cars was just below £2,500. Two-thirds of the cars used by salesmen were under 1,500 cc and almost one-third between 1,500 and 1,750 cc. Ford dominates the fleets of reporting companies, accounting for 60 per cent. of the total, with Leyland a poor second at 18 per cent. The most surprising finding was that, for all intents and purposes, there were no foreign cars in these fleets.

Car service and repair costs: The low increase in car service and repair costs appears to reflect a policy of faster car replacement. The loss of interest on capital to respect of purchase has risen by 7.5 per cent. and this is consistent with a faster replacement policy counteracted by a decline in interest rates between 1976 and last year.

Salesmen's expenses: A further shift towards keeping salesmen working largely from their home base has caused a fall in the average annual cost of "away-from-home" expenses. The actual cost per night of a representative staying away from home has of course increased, but the number of nights spent has declined and salesmen are now expected to service a wider radius of customers from their home base.

Sales management: There has been a shift to national sales management and away from area management. Clearly, the new management duties, such as key account service of multiples, appear now to be handled to a greater extent by key account salesmen who do not have other management functions; with the decline of sales forces, area man-

REPRESENTATIVE BUDGET FOR 12 MONTHS

	December, 1976	December, 1977
Cost of recruitment (advertising, interviewing, etc.)	104	96
Remuneration (including bonus, commission, prizes, National Insurance and company pension)	4,485	5,240
Company vehicle—depreciation	391	477
Service and repairs	223	230
License, insurance and non-insurable damage	138	158
Loss of interest on capital	228	245
Expenses for operations from home: 1976—39.5 weeks @ £36	1,422	—
1977—40.6 weeks @ £42	—	1,705
Expenses for operations from hotels: 1976—5 weeks @ £116	580	—
1977—3.2 weeks @ £127	—	406
Sales Manager (inclusive of secretary, expenses and overheads)	421	545
Area manager (inclusive of expenses and overheads)	1,315	1,389
Wages calculation	35	46
Sales analysis	308	347
Secretarial (including overheads)	318	515
Stationery (daily reports, expense claims, postage telephone out, accounts)	318	437
Training	147	190
TOTAL	10,443	12,045

agers are now expected to supervise larger territories than previously.

Sales analysis, secretarial and internal administration: Expenses, under these headings, have risen much more than proportionately during the 12-month period and this rise follows a consistent pattern of many earlier years. It is quite clear that the current sales management thinking that calls have to be more thoroughly planned and followed up with good administrative assistance.

It makes good economic sense that, as the cost of salesmen increases, their work has to be more thoroughly planned and directed. As more and more companies turn to computing their data records, far more specific and detailed analyses become available which in turn yield invaluable pointers to sales potential.

Comparison of cost between contract salesmen and permanent representatives: In an earlier survey by Sales Force companies recorded a growing awareness of vacant territories and the need fully to service them, even during vacation periods. As vacation times are extended, and as progressively more salesmen are entitled to four weeks' annual holiday, a serious territory service problem has come to be recognised.

In our survey, only 27 per cent. of an average salesman's time is now spent on calls on independent retailers, with a similar amount of time being spent on calls on wholesalers, head offices and key accounts. The remainder of his time is dedicated to multiple branches.

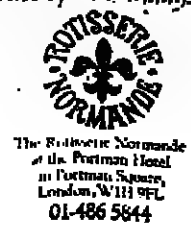
Given that the average salesman now spends only 48.5 weeks a year on territory as against 44.5 in 1976, the inclusive cost

per salesman's working week has risen to a startling £275. This is considerably higher than the average cost of a contract salesman, who, inclusive of normal remuneration, expenses, car allowance, campaign planning and supervision during a campaign is available at £190 a week when working from home.

Clearly a contract salesman does not by himself save the fixed costs of national sales management, but even after making allowances for these costs it is surprising how the relative costs have separated over the years.

Rudy Goldsmith is chairman of Sales Force.

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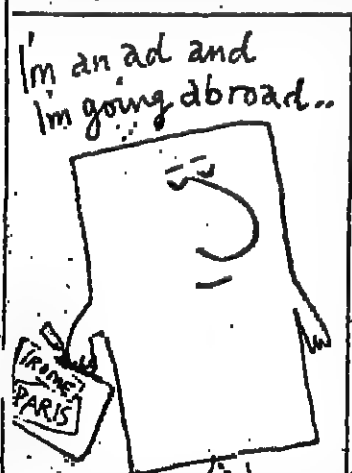
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Supervising the Banks

BY MARGARET REID

CONSIDERING the City's narrow escape from disaster in the 1973-74 secondary banking crisis, it is strange how little stir was caused by the Bank of England's recent paper about the resultant "liberal" rescue for the Wilson Committee.

The paper contains a few nuggets of new information and is not entirely devoid of self-criticism. Moreover, the process of self-analysis promises to be taken a stage further. For the paper says that "the question of lessons learnt from the secondary banking crisis and the support operations will be dealt with in evidential papers to be submitted by the Bank . . . in due course."

The Bank's paper dwells on the complex variety of statutes—authorised, Section 123 and Section 127—which various concerns in and around the banking field have come to have by 1973. The Bank has tightened up its supervision of banks in recent years and legislation has long been awaited to implement the White Paper of August 1976 "The Licensing and Supervision of Deposit-Taking Institutions."

Under this, top class concerns would be authorised by the Bank of England to call themselves banks, while other deposit-taking bodies could only operate under a licence granted by the Bank.

This system will no doubt have merits. But it is fair to ask whether the decisions to be made by the Bank of England as the regulatory authority under it should not be subject to some system of checks and balances, given their high importance. After all, the Bank itself gave Edward Bates, which afterwards authorised rescue, to the outset of the secondary banking crisis. And, earlier, it had allowed Slater Walker to retain the authorised status of Ralli Brothers (Bankers) which it had taken over and given its name. Both were afterwards shown to have contained the seeds of disaster.

One point which is not often made is how difficult it is for a supervisory agency, however eminent, to swim against a prevailing tide of opinion and resist being swayed into undue euphoria in its decisions of times of a buoyant financial climate.

Not only did it contribute 10 per cent. of the lifeboat loan totalling £12.5m. at its peak (£130m.), it also put out an extra £55m. in the worst days at the end of 1974 after the big banks had made their "thus far and no further" decision and before the total amount needed started falling. Then the Bank also of itself shouldered another burden, as the paper indicates in paragraph 37, it paid out the "relatively few" outside depositors in collapsing banking companies, itself taking over these debts, which one can guess must be of little value. The three companies concerned are believed to have been London and County Securities, Triumph Investment Trust and Cannon Street Acceptances. The Bank also later provided backing running into a number of tens of millions of pounds—a good deal of which may be unrecoverable—for Slater Walker and Edward Bates. But not all these various sums were outstanding at the same time.

TV Radio

† Indicates programmes in black and white

BBC 1

6.40-7.55 a.m. Open University.
9.41 For Schools. Colours, 12.25 p.m. On The Move. 12.45 News. 1.00 Pebble Mill. 1.45 Chicheley. 2.00 You and Me. 2.30 For Schools. Colours. 3.10 Racing from Chester. 3.25 Regional News. 3.55 Play School. 4.25 The Mole and a Carnival. 4.35 Heads and Tails. 4.40 Laff-A-Lympics. 5.00 John

BBC 2

6.40-7.55 a.m. Open University. 7.55-9.00 News. 9.05 News. 9.10 News. 9.15 News. 9.20 News. 9.25 News. 9.30 News. 9.35 News. 9.40 News. 9.45 News. 9.50 News. 9.55 News. 10.00 News. 10.05 News. 10.10 News. 10.15 News. 10.20 News. 10.25 News. 10.30 News. 10.35 News. 10.40 News. 10.45 News. 10.50 News. 10.55 News. 11.00 News. 11.05 News. 11.10 News. 11.15 News. 11.20 News. 11.25 News. 11.30 News. 11.35 News. 11.40 News. 11.45 News. 11.50 News. 11.55 News. 12.00 News. 12.05 News. 12.10 News. 12.15 News. 12.20 News. 12.25 News. 12.30 News. 12.35 News. 12.40 News. 12.45 News. 12.50 News. 12.55 News. 1.00 News. 1.05 News. 1.10 News. 1.15 News. 1.20 News. 1.25 News. 1.30 News. 1.35 News. 1.40 News. 1.45 News. 1.50 News. 1.55 News. 2.00 News. 2.05 News. 2.10 News. 2.15 News. 2.20 News. 2.25 News. 2.30 News. 2.35 News. 2.40 News. 2.45 News. 2.50 News. 2.55 News. 3.00 News. 3.05 News. 3.10 News. 3.15 News. 3.20 News. 3.25 News. 3.30 News. 3.35 News. 3.40 News. 3.45 News. 3.50 News. 3.55 News. 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Financial Times Thursday May 11 1978
English Bach Festival

Vivaldi

by RONALD CRICHTON

Vivaldi is 300 years old this year—a fact unlikely to escape the deeper impression for the English Bach Festival, last night they everything out into precisely provided a programme made of contrasted sections, varying devoted to his vocal music. To-night they offer, again in the same Elizabeth Hall, a concert some Venetian gossip or English performance under John Eliot Gardiner of the opera *La cenerentola*. Last night's tribute was prefaced (as the opera will be) by a Purcell Room lecture from the Danish Vivaldi expert Peter Rym, the "RV" initials of the up-to-date Vivaldi numbering, likely to become as familiar to concertgoers as the "K" of Köchel's Mozart catalogue.

Praise to the EBF for not taking the easy way out and merely handing out platefuls of Vivaldi's concertos (though the programme began with *"Spring"* from *The Seasons* with John Holloway as soloist). In his talk, Mr. Rym made high claims for the music, not entirely borne out by the two works we subsequently heard, though they had qualities which made one wonder why that part of his outburst hasn't been more thoroughly explored. What promised to be the more interesting of the two was a *Gloria*, RV 588—not the familiar one in D (589) but another in the same key, with an identical *Cum Sancto Spiritu* chorus at the end which apparently is not by Vivaldi but G. M. Ruggieri.

As it turned out, the other work, a *Nisi Dominus* (RV 588),

New York Theatre

Wilde on the defensive

by FRANK LIPSIOUS



Vincent Price as Oscar Wilde

A one-man play about Oscar Wilde in the last year of his life, *Disgraces and Delights* presents Vincent Price as Sebastian Melmouth on the 28th day of November, 1899. This conceit, written by John Guy, and performed at Broadway's Eugene O'Neill Theatre, makes Wilde out to be a lonely, ailing exile, forced by a need of money to stand pseudonymously before a foreign audience, mixing *bona mots* with self pity, rambling anecdotes and evidence of deteriorating health.

Though pervasive bitterness and hostility are not alien to Wilde, they seem hardly the traits to emphasise in such an exercise. Seeing Wilde as primarily the tragic comic—a Lenny Bruce in velvet and rhetorical elegance—Guy uses Wilde's brilliance for petty self-pity: the suit that sent him to jail looms large in the play, making Wilde's own vindictiveness and powerlessness more significant than his wit and charm. If Wilde could condemn his own society for wilful persecution, he could see Americans three generations later as equally

Record Review

Sounds of the Times

by ANTONY THORNCROFT

The Last Waltz: Warner Bros. K66076
Hope & Anchor Front Row Festival: Warner K66077
Saturday Night Fever: RS 02658 123

The tremendous demand for tickets for Bob Dylan's London concert, next month's *gratifying*—a Dylan revival is long overdue for he is undoubtedly the most important popular artist of the past two decades, much more so than Presley or the Beatles. They made musical breakthroughs, and produced the best songs of the week, but Dylan used music to hammer home the social revolution of the period, the arrival of youth as the creators of the mood of the times. Part politics, part poetry, part philosophy, Dylan's songs are the contemporary, and necessarily more populist and democratic equivalent of philosophers, ancient and modern, who by influencing intellectual elites could, in the past, shift society. Dylan's work, however incoherent and derivative in melody, is the statement of an inarticulate, if educated, generation.

There are no recent Dylan recordings but he appears on *The Last Waltz*, a three-album set of the final public concert of The Band. This is an interesting, if rather disquieting experience, with The Band surrounding itself with artists like Joni Mitchell, Neil Diamond, Neil Young, Ringo Starr, and Eric Clapton, and a film crew to immortalise the occasion for cinema-goers. Inevitably it sounds like the requiem for an era: all those immensely rich, ageing musicians getting together for a last meeting of the elders. There is an establishment complacency about the music, which is quite lacking in imagination. The Band was always a rather heavy-footed combination and it manages to drain the life from the guests. Only Dylan sounds as if it matters, with spirited performances of *Forever Young* and *I Shall Be Released*. Neil Young makes the most of *Heavenly Bodies*, Joni Mitchell descending in the background, but most of the others sound as if they wish they were back in their swimming pools watching the reunion on the video recording.



Bob Dylan

As one generation ponders a narrowing future another attacks it vigorously from behind. The new wave, as we were of the Beatles, but the aggressive nihilistic music of what was punk has proved it is more than a publicist's invention. Indeed, the recording industry was initially very reluctant to embrace the party, rudely musically incompetent kids from the streets. Now they have, and the whole thing is beginning to sound quite good. Since new

The Pirates, take most of the group wins hands down. The honours, but there are nice post-instrumentals derived from the Tyla Gang classical repertoire, such as the *Sieve of Boethius* and *Night*. There is plenty of life still in the new wave, especially for those who follow their own ears, but songs like *If I can't have you* by Yvonne Elliman, and the identification of the album devoted to one band can music with the film, make this be a suicidal experience, but the kind of album which will represent the 1970s for most as in this compilation, is a good people when both The Band and optimistic introduction to the new wave which will never over-away.

Byzantine evening

by NICHOLAS KENYON

The English Bach Festival has regularly championed the music of Greece—its ancient chants, its folk music, and its new compositions—but it can scarcely have provided before now such an aesthetic celebration of Miss Laland's native land as Tuesday's concert in the Elizabeth Hall. Two British premieres of works by Dimitri Terzakis (which are the only new pieces from any country being presented in this year's Festival) rubbed shoulders with a group of folk songs from Mount Athos, and a large selection of traditional Byzantine chants for solo cantor, sung by Lykourgos Angelopoulos.

It is as hard for the uninitiated to understand a rapid sequence of Byzantine chants as it would be for a Russian to disentangle a random selection of plainsong and hymns and Mass ordinaries sung by the monks of Solesmes. The mixture of periods and styles is extraordinary. Besides the simplest pre-17th-century pieces (of which we heard some attractive examples newly transcribed by Mark Dragoianis), there are elaborately melismatic pieces from the 18th and early 19th centuries which sound more than a little corrupt, and the positively cheerful *Kritamata*—rhythmic vocalises using nonsense syllables rather than texts.

Transcriptions of the chant in the West have made its rhythms uniform, but Greek clearly disagree fundamentally with such Western scholars as Egon Wellesz, and the Greeks have an unbroken, continuously developing tradition on their side. Angelopoulos strongly articulated and varied the pace of his rhythms, while maintaining the melodic flexibility which is the essence of the chant: it was a fascinating if necessarily somewhat baffling demonstration.

The music of Dimitri Terzakis has drawn from Byzantine chant its distinctive attitude to pitch: Terzakis believes that 12-note chromaticism is no more likely to succeed their distinction, and his earlier works (such as *Sichron*, which the EBF premier in 1978) explored free movement around specified pitches—rather as the earliest chant notation specifies not a sequence of static notes, but different kinds of movement between notes. Terzakis' aim has been to create works which can be listened to horizontally as well as vertically, as "locking melodies" rather than as a sequence of harmonies.

The results, in the two pieces we heard on Tuesday, *Nomoti* and *Liturgia Profana*, sounded less original than the theory would suggest. In the first, the timbres chosen (clarinet, cello, santouri and percussion using predominantly small drums, glockenspiels and a bowed cymbal) pursued their separate horizontal ways, sounding very like a piece of primitive rather than music, too case to sound either co-ordinated or not co-ordinated. In the second, the use of microtonal pitches was perhaps inhibited by the very English contribution of the *Sakrakis* Choir; at any rate, the *Sakrakis* choir, as an echo of the Byzantine sound-world, rather than as a powerful development of it, Yannis Ioannidis conducted both works with neat, Grecian grace.

Indian gold on show

Tight security will be in force when millions of pounds worth of Indian gold from Colombia goes on show for the first time in London in November.

The unique treasure will be the centrepiece of the Royal Academy's main winter exhibition, *"The Gold of El Dorado"* will be the most comprehensive show of its kind, outside South America.

Sir Hugh Casson, president of the Academy, said the cost of

Books Page will appear to-morrow

preoccupied with issues of Victorian morality, obscuring his talents in the effort at least to defend rather than condemn him.

Vincent Price, though more stately and older than one would expect of Wilde at 46, has a powerful presence that conveys the elegance and eloquence of the man. It is hard to think of Mr. Price as particularly funny, but the play does not demand it. In the second act, as Wilde gets more frail and affected by his absence, Price is particularly adept at portraying his decline and pitiful end. If only the play could have shown more of the man before his demise.

Of all the struggles in Julius Caesar, none seems greater in the production at the Brooklyn Academy of Music than director Frank Dunlop's tussle with the conventional interpretation of the roles. Casting against type and Shakespeare's lines, he has a small, somewhat mincing Mark Casson deliver the "Friends, Romans, countrymen..." speech in the high, undramatic voice of Austin Pendleton. Richard Dreyfuss, playing Cassius, is not lean and hungry; he is rather punchy and makes gestures with stiff limbs. George Rose plays a Caesar in the decline of his powers, hesitant, though stately, embarrassed despite his having a stature obviously greater than those around him.

The unusual and interesting come so fluently to Frank Dunlop that he can work with almost

Alice's Boys

by B. A. YOUNG

Felicity Browne and Jonathan Hales must have been going in for some shrewd analysis of the box-office figures at London's theatres, for *Alice's Boys* is constructed firmly on the Agatha Christie principle. The suspects, in a closed environment, are four members of a spy-ring (if I may use such a term of our own M16), and the victim is a fifth member, found dead under a bed in circumstances that would have aroused more surprise if they had

been in any way different. The writing is better than Miss Christie or the adapters who shelter under her name habitually achieve, and the authors have had a trip on two band-wagons at once by combining a whodunit with a spy story. The production is really far better than the play deserves, but by making a suspense tale with what can only be called "all-star" casting, a wholly pleasant and wholly unimportant evening is achieved. It would be wrong to retail any

details of the story, but the cast is certainly mouth-watering. Alice is a man; it is a code-name for the head of the spy family, and it is no less than Ralph Richardson, cool in deportment, telegraphic in speech, commanding in mien, his only weakness a habit of taking his petit point on duty with him in his briefcase. His five boys are Henry (whom we only see dead), Bertie, Dan, Sally and Toby.

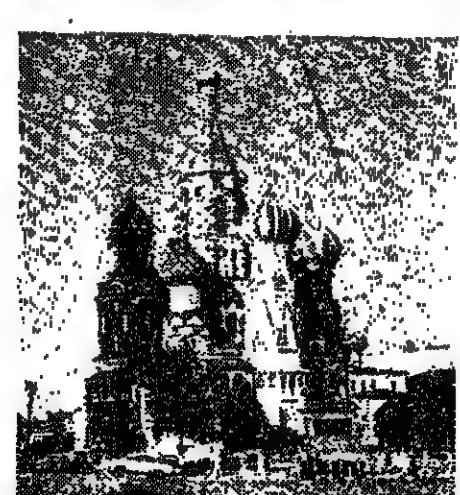
If I were M, or C, or even Colonel B, I should have ruled that to have four such people living in a flat together would have attracted too much unwanted attention for they are a rum lot as spies go.

Bertie, played by Michael Gambon, is a cold-blooded killer who hides his talent under what Mr. Pym calls a *four bonhomme* personality evinced in his drinking and constant singing of Irish songs. Dan (Michael Jayston) is withdrawn and calculating where Bertie wears a Chinese dressing-gown with dragons. Dan wears a monkish habit. The third man is Toby (Gary Bond), a lady's man and gambler, who is having a fling with Sally (Joanna van Gysegem), their female colleague.



Ralph Richardson (foreground) with Geoffrey Keen, Michael Jayston, Joanna van Gysegem, Michael Gambon and Gary Bond

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Thursday May 11 1978

Straining a procedure

THERE ARE different opinions all the more serious when it about pay restraint, whether statutory or voluntary, in the sense that some people think that it does more good than harm in principle and others think precisely the reverse. There is almost universal agreement, however, that the degree of rigidity in any pay policy is bound to be a factor in the control of inflation, and consequent inefficiency in the allocation of resources. The longer the policy is maintained, the worse the anomalies and the more serious the practical consequences of the inefficiency. This is most obvious in the case when a particular group feels strongly that it has been unfairly dealt with in relation to others.

In seeking to enforce a 10 per cent. guideline for pay increases during the current round without the support of the TUC, the Government has found itself pushed into demanding at least the semblance of greater rigidity than would otherwise have been necessary, especially with regard to those claims in the public sector for which it has a special responsibility. This, though necessary to prevent the breakdown of its policy, has been particularly hard on the better-paid, whose real incomes have suffered most from the combination of inflation, pay restraint and progressive taxation, and on those groups whose pay is normally determined by the recommendations of an independent review body.

Service pay

One such case occurred recently over the pay of the Armed Forces. The appropriate review body found that pay increases ranging from 19 to 38 per cent., with an average of 32 per cent., were needed to restore service pay to levels comparable with those of civilians. The Government accepted the recommendation, but would allow only 10 per cent. (plus a couple of special extras) for the moment, with full restoration of differentials to be carried out in stages over the period to April 1980. Whether this will suffice to stem the rising tide of resignations remains to be seen; since servicemen cannot resign when they please, the result may be

Confidence

Comparability, of course, is a slippery principle. The review body recognises that other factors must be taken into account—not least the changing state of the market for different types of professional skill. But the 10 per cent. that is being enforced on those whose remuneration should in principle be determined independently compares with a probable average outcome for this year of 14-15 per cent. Those to whom the loophole of "self-financing productivity deals" is not available will feel all the more unfairly done by if they happen to have read this week how the general secretary of the electricians' union described the higher productivity for which his members are to achieve 7 per cent. on top of the basic 10 per cent. as "an illusion".

The crisis in Rhodesia

THE DISMISSAL of Mr. Byron Howe, who for a brief two weeks was Rhodesian joint minister of Justice Law and Order, has presented the signatories to the Rhodesian internal settlement with a major crisis. Critics of the March 31 agreement will collapse. But once that is said, there is no certainty as to what might happen next. Now that the white Government has accepted the principle of majority rule, and has begun, however hesitantly, to put it into effect, the central issue in Rhodesia has become the contest for power in an independent Zimbabwe between rival black politicians.

It may be for example that some of the Bishop's lieutenants will try to continue with the agreement, but lacking his support they are unlikely to succeed. On the other hand, it is being suggested that Bishop Muzorewa, who has a deep personal antipathy towards Mr. Joshua Nkomo, joint leader of the Patriotic Front, may try to resurrect talks held spasmodically over the past two years with Mr. Nkomo's partner, Mr. Robert Mugabe.

Little comfort

There is precious little comfort in all of this for those who hope for a stable and democratic transfer of power in Rhodesia. As the black politicians manoeuvre for power, the guerrilla war intensifies.

Fragile

Rhodesia will undoubtedly head the agenda in a series of key meetings which British Government Ministers will hold in London in the next few days, as President Sir Seretse Khama of Botswana follows President Kenneth Kaunda of Zambia on visits to the British capital. Both men — and President Kaunda is to go on to Washington to meet President Carter next week — will undoubtedly urge the adoption by all parties in Rhodesia of the Anglo-American settlement proposals. These may or may not be the right solution at the moment. But the current crisis at least suggests that the British and American governments have been right to keep their options open on the internal settlement.

Mergers policy: a slight turn of the screw

BY GEOFFREY OWEN

MERGER REFERENCES 1965-77

The table shows what happened to mergers referred to the Monopolies Commission between 1965, when the legislation was strengthened, and the end of 1977. The Commission found by a 3-2 majority that the merger would be against the public interest. Since the Act requires a two-thirds majority, the Secretary of State had no power to take action.

WITHDRAWN BEFORE REPORT	FOUND AGAINST PUBLIC INTEREST	FOUND NOT AGAINST PUBLIC INTEREST
1965-end 77 18 merger references Marley/Redland Burnham/Laporte Reed/Bowater Sears/Timpson Tarmac/Wobsey Hughes Glynwed/Armitage Shanks Whessoe/Capper Neill Bowater/Hanson Trust London & County/Leicester Sears/Nottingham Mfg. Norvic/Canning Associated Eng./Serck Skelchey/Johnson Provident/Catels Rheem/Redfern Derritron/BEC	1965-end 77 7 Rasi/Assoc. Fisheries UDS/Burns Barclays/Lloyds/Martins Rank/De La Rue British Sidac/TPL Beecham/Glaxo Boots/Glaxo Davy/B.R. Rollmakers Boots/House of Fraser Eurocanadian/Furness Withy Agval. Industries/Morris Pilkington/JUKO Intl. Babcock/Morris BP/Century Oils Rockware/Redfern United Glass/Redfern	1965-end 77 7 BMC/Pressed Steel Dental Mfg./Amal Dental Dentists Supply/ Amal Dental GKN/Birfield BICC/Pyrotenax Thorn/Radio Rentals Unilever/Allied Breweries British Match/ Wilkinson Sword Eagle Star/Sunley/ Grovewood Charter/Sadia NFU Dev. Trust/ FMC Dentsply/AD Intl. Fruehauf/Crane Fruehauf Smith Bros./Bigwood Bishop Weidmann/Whitely
Totals	12	8

and is as much concerned with increased efficiency and other aspects of economic performance as with market power.

A similar case-by-case judgment is made by the Office of Fair Trading and the inter-departmental Mergers Panel in deciding whether to recommend

SHARE OF 100 LARGEST ENTERPRISES IN UK MANUFACTURING NET OUTPUT (%)
1960
1961
1962
1963
1964
1965
1966
1967
1968
1969
1970
1971
1972

* Due to a change in statistics, these years are not strictly comparable with the earlier ones.
 Source: S. J. Pross.

to the Government that a particular merger should be referred. As the OFT's recently issued mergers guide puts it: "Each case falling within the scope of the Act is looked at on its own particular merits and not in accordance with any fixed rules or assumptions."

The effect of this approach, according to the critics, is to let too many mergers through. As a result, they say, the process of concentration continues, themselves to a full investigation had about a 50-50 chance of obtaining clearance. For the Commission is not biased against mergers as such. It takes a pragmatic view of each case

Conglomerate mergers — any merger where either the acquired company had at least a 25 per cent. share of the market (except where the size of the market was less than £4m) or the worldwide turnover of the combined companies was £50m or more, of which a significant proportion arose in the U.K., and where the gross value of the assets to be transferred was £16m. or more.

In the second stage the potentially anti-competitive mergers would be examined in more detail by the Mergers Panel. "Firms would be expected to provide convincing evidence of offsetting benefits and the probability of their achievement, if reference to the Commission was to be avoided, and this would be the opportunity for sponsor Departments to explain the case for proposals being supported in accordance with the industrial strategy. The Panel would consider whether the benefits expected, in terms of increased efficiency, export potential, etc., would offset the detriments from the potential effect on competition; and would also take into account other possible detriments, such as collapse of the firm being acquired or loss of jobs in rescue cases, which might arise from abandonment of the merger or from the delays inherent in a Commission reference."

In addition to these non-statutory guidelines (at present no such guidelines exist) the report suggests amendments to the Fair Trading Act 1973, requiring the Commission to pay closer attention to the potential impact of mergers on competition. The set of considerations set out in Article 84 of the Act should include (a) the desirability of minimising the detriments of reduced competition and increased concentration, and (b) the desirability of restructuring to improve the international competitiveness of British industry.

The report says that this revised procedure would increase the number of merger references, perhaps up to four times as many as there are now: this implies some 15-20 merger references a year, and the number of mergers turned down would presumably increase in proportion.

"This would be likely to deter mergers, particularly between firms in the same market, except where a really convincing case could be made. Altogether, there would be likely to be fewer and better-thought-out merger proposals coming forward. Such an outcome would be in line with the evidence on mergers that we have reviewed."

Noting that market power wielded by large companies in many sectors of industry (the 100 largest companies are said to account for some 700 statu-

MERGER ACTIVITY 1963-77

Year	Number of mergers	Acquired companies — Index of prices paid in real terms*
1963	388	100
1964	940	134
1965	1,000	146
1966	807	149
1967	763	216
1968	946	362
1969	907	176
1970	846	201
1971	783	238
1972	884	164
1973	1,218	357
1974	1,205	213
1975	814	141
1976	514	64
1977	353	79
1977	482	117

* Current prices deflated by FT Actuaries 500-share Index.
 * Based on company accounts up to 1969; on financial press and other sources thereafter.
 Source: Business Monitor 37.

tory monopolies), the committee considered the case for enabling the Commission to investigate large companies as such, but decided that this would be too complicated and time-consuming. Instead, the power to investigate oligopolies — that is, sectors in which four or five companies account for the bulk of the market — should be extended. This might include an amendment to the Fair Trading Act which defines oligopoly in terms of structure, though the legal implications of this need further study.

The practical effect of the recommendations, if they are implemented, will not be dramatic. Large companies will find it somewhat harder to expand in the U.K. by acquisition; mergers like GKN/Birfield in motor components and BICC/Pyrotenax in cables, which were cleared by the Commission, might have been blocked on the new criteria. The same applies to horizontal mergers which make an oligopolistic industry even more concentrated. But these trends have been at work even without the proposed guidelines and amendments to the Fair Trading Act: it is doubtful whether the increase in the number of merger references will be as large as the committee suggests.

The proposed changes will remove some of the uncertainty, which companies have often criticised, in the procedures followed by the OFT and the Monopolies Commission. But the judgments which both bodies will still have to make are extremely difficult. They are required to predict the consequences of mergers on industrial efficiency, and there is no reason to suppose their predictions are any more reliable than those of professional managers. It may well be that half of all mergers go wrong: the problem is deciding which half. Yet the exercise of judgment on a case-by-case basis is preferable to an automatic or legalistic approach, which bans all mergers of a certain type or above a certain size.

The Government's committee is right in its restatement of competition as the primary goal of merger policy. As long as the new guidelines are applied consistently, and with due regard for commercial realities (including, of course, international competition), business should have no cause for complaint.

A review of monopolies and mergers policy: a consultative document. HMSO 224.

MEN AND MATTERS

First choice at the LSE

The London School of Economics has just appointed its first associate fellow. He is Jack Jones, who lists his education in Who's Who as "elementary school, Liverpool," but is no stranger to the higher reaches of education: since 1970 he has been a visiting fellow at Nuffield College, Oxford. It may be the idea of having up to six associate fellows has been discussed for some time by the LSE appointments committee. They will not have a stipend or any set duties, but will give the regular members of the academic staff "the fruits of their experience in practical affairs." It is also hoped that they will do some writing.

Food for thought

Visitors to lunch with Sir Charles Forté nowadays receive an unexpected — and momentarily bewildering — gift as they are departing. It is a copy of *The Ends of Power* by Bob Haldeman, onetime aide of Richard Nixon. One guest so favoured at a recent luncheon was Kenneth Cork, senior partner of Cork, Gully. He says: "I wondered for a moment if there was some ulterior significance in the title. But I wanted to read the book, so I didn't mind being given a copy." Cork then realised that Sir Charles owns Sidgwick and Jackson, publishers in Britain of the Haldeman memoirs. It is indicative of how Britain's bigest hotelier has lately been captivated by his ventures into the world of books and magazines. He is especially proud

that *The Ends of Power* is firmly in the current bestseller lists.

Things fall apart

We have grown accustomed to little other than dramatic and violent news from many independent African countries, but I have just been given one graphic illustration of how time can erode the institutions left behind by colonialism. It comes from Dr. Esmond Martin, an American academic. He is one of the few outsiders who have been given access to the great collection of manuscripts in Zanzibar since 1963, when the island achieved independence and was rocked by revolution a month later.

"I am probably the last person to have read some of the historic papers in the Archives because they were disintegrating before my eyes," says Martin. Documents held on the island include bundles of letters from Dr. David Livingstone, Sir Richard Burton and many other 19th century explorers, who used the island as a base for journeys into the African interior. "The air conditioner in the repository broke down years ago and no spare parts have been obtained. So the papers are falling apart as the salt air and humidity attacks them."

Martin is a specialist in East Africa history and lives in Nairobi. His book about the dhow trade, *Cargoes of the East*, came out a few weeks ago. He has worked in many African archives and stresses that what has happened in Zanzibar is not typical. But the island's collection, including the official papers of British consuls throughout the Victorian era, is a unique record.

When Martin opened old notebooks "seas of insects fell out." Half of the documents he asked for could not be found. Once he was allowed into the main repository, "Lying against the



"Government oil policy has always had a touch of 'Going, Going, Gone!' about it!"

walls are many large oil paintings, some nine feet high, of the former Sultans of Zanzibar. Many of the portraits have been mutilated by heavy scratches across the faces. Among the stack of paintings he noticed one of the Queen, left behind by the British administration.

High rise

No doubt made bold by the Price Commission's benevolent report on bank charges, the profit-conscious Post Office is applying a 100 per cent. increase to the fee charged Hon. Members and Noble Lords who cash their cheques at the post office counter in the Palace of Westminster. The parliamentary journal, "House Magazine," says that Mr. Speaker has agreed to the charge going up from 21p to 5p, as from this week. I wonder how this strikes those MPs — notably Peter Rost — who have been campaigning against the growth of profiteering cheque-cashing "banks."

Thumbs down

At a Congressional hearing this week, Congressman Donald M. Fraser, a Minnesota Democrat, has startled his fellow legislators on the House International Relations Committee with the revelation that present U.S. law permits the export of such "crime control" items as thumb screws, leg irons and electric shock batons to countries that may violate human rights. The Congressman's "find," dug from an immense list of exports, has produced indignation, a provision from the Congressional panel to ban such exports to "human rights violators," and, naturally — headlines for Fraser.

How many instruments of torture are actually sold by American firms to human rights violators, or for that matter, to anyone? No one really knows. The Commerce Department, which keeps the commodity control list of exports, has checked and found that the sale of such equipment cannot be tabulated because it falls under "basket categories." Thumb screws, for example, would be listed under "iron and steel products."

"We don't know how much activity there is in this area of crime control materials export," says a department spokesman. "We export no crime control equipment to Communist countries or South Africa — with the possible exception of metal detectors for airports. Any activity there is probably exists in more exotic areas like lie detectors and photographic or ballistics equipment."

However active the trade may or may not be, human rights violators will now have to look for their thumb screws elsewhere.

Observer

The exception that could prove to be your rule.

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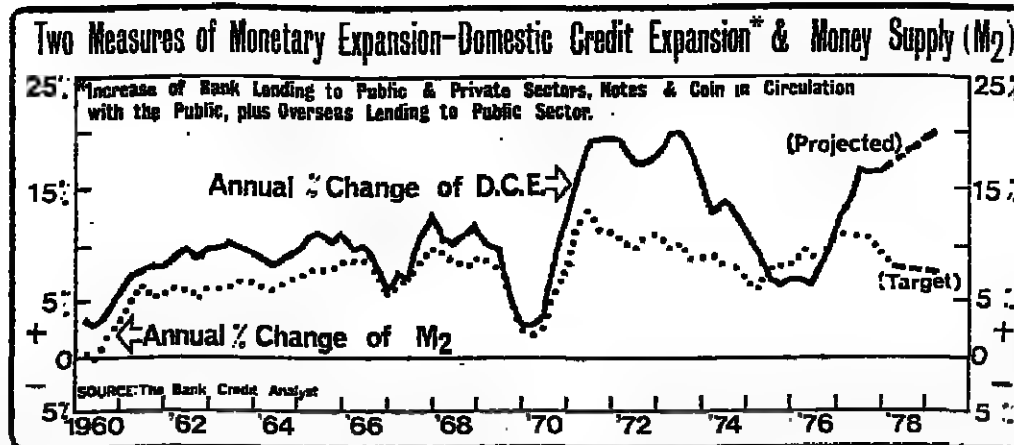
Observer

Quality in an age of change.

هكذا فنت الأمل

ECONOMIC VIEWPOINT

The dear old Duke of York



WITH REGRET, but without apology, this column must concern itself yet again with monetary management—or rather mismanagement. The British authorities are not alone to blame for the latest expedition of the Grand Old Duke of York up the hill of interest rates, because it has been necessitated partly by events in New York: the Fed has become worried because the U.S. money supply is apparently rising out of control again, and has responded in the traditional way. London, while the pound is weak, can only follow.

However, the fact that London rates have to rise faster and faster than those in New York is our own fault. The British market is so shell-shocked by the mismanagement of recent years that it will now respond only to explosive gestures.

And so it is likely to continue as long as the authorities rely on deliberately destabilising the market to achieve what ought to be an orderly process of fund-raising. Although the numbers are not as dramatic as they were in 1976, this is about the most managing of all the successive episodes, since it has carried over those who think that credit is stuck at about 10 per cent. The authorities have not allowed for ever constant regard, as historically cheap in a depressed economy.

Certainly industry does: the recent remarks of Mr. Terry Eckert, the chairman of Ford Motor Co., should hang over the desk of every monetary official. Borrowing for investment purposes at floating rates has been what he calls "a forbiddingly expensive switchback,"

has allowed most of the growth of credit—which has probably slowed down recently—to appear in the domestic money supply. The Fed, under its new chairman, is at length taking action.

If the aim is to bring DCE down to a rational level, the rate of rates will have to go a good deal further, for the U.S. economy has become a glut for credit. More probably renewed weakness of the dollar, a renewed outflow and renewed intervention will restore the illusion of monetary restraint for a little longer, until there is a still bigger crisis.

Numbers

Incidentally this chain of cause and effect has at last been noticed on the other side of the Atlantic. The Bank Credit Analyst, which although it is published in Canada has a considerable influence in Wall Street, has published an article which explains the concept of domestic credit expansion to U.S. readers, probably for the first time for most of them. It has also worked out the relevant numbers for more than a decade past, with the revealing result shown in the chart.

There is room for some technical argument on the numbers used, but the broad picture is unmistakable: the Fed, while preaching monetary restraint, has in practice permitted a potential money growth which has at times been twice as high as the recorded figure. As long as the U.S. is simply satisfying a foreign demand for official currency reserves, the excess was willingly absorbed; but the episode has ended in a dollar crisis. The most recent episode

expensive to stay liquid: this would ensure steady funding in a stable market. I doubt, however, that this particular horse would run in a world in which the world's biggest currency is required—as was tacitly admitted in the (largely unsuccessful) launchings of floating-rate stock last year. Some stock carrying a relatively predictable real rate of return, indexed either to the GDP deflator, or — to avoid effects spreading right through the economy — to a single commodity produced or held by the public sector, could be a great help here. An old bond or an electricity bond would appeal as an asset to pension funds, and to industrial users of such commodities with surplus funds: it would improve portfolio balance and reduce uncertainty.

The danger to be averted is not so much an excessive burden on the taxpayer — though the current cost of servicing the £12bn. of long-dated stock issued since the great inflation set in currently is more than £1bn. more than the cost of servicing indexed bonds in the same amount — but of perpetuating a high borrowing requirement more or less for ever.

This arises in three ways. First, quite simply, a large proportion of the £5bn. or so now paid out gross in interest on Government and similar securities goes to funds which pay no tax, and which must be persuaded to reinvest in public sector stock. These funds have become overloaded with fixed-interest securities, and require ever-higher returns.

industry is effectively crowded out of the financial markets and relies either on internal finance, enhanced by grants and tax allowances, or on NEB-type public support.

Better management of the financial market is only one element in reducing this enormous burden on the public finances (which, if investment allowances are included, largely explains the obstinately large public need for funds). A recovery of profits, encouraged by the true measure of costs: promised by inflation accounting, must play a large part; and a reduction of inflation does have the merit that it reduces the tax loss through stock relief, even if it increases the real cost of servicing long debts. An avoidance of the kind of fiscal mistake made in the present Budget could also help to reduce drama.

But what is required above all is an understanding by the authorities of the real cost of financial instability—which is much more important than the average level of interest rates in the economy. Stability used to be a prime and well-understood objective in the management of the markets, until the rise of monetarism made it unaffordable: monetary control must be imposed, and willingness to let interest rates move sharply was presented as a price of vitality. Like nearly all stark choices in economics, this was based on a false prospectus: in fact we need both kinds of stability, though they are at times mutually exclusive, and difficult compromises are necessary. The real illusion in economic management is the illusion that there are easy answers.

Anthony Harris

Letters to the Editor

Later start in pensions

From the managing director, administration, industrial and management services.

Sir—A confusion occurs in people's minds about pensionable age. It has in the past been very common to insist that the service benefits—that is, those while in the employment of a company before retirement—shall be contingent on being a member of the retirement plan. A sound confusion occurs when considering the nature of the benefits—retirement pension is generally accepted as a form of deferred pay, not a reward for retaining the long service of employees.

A practical solution, now being adopted by a number of schemes, is to provide "in-service" benefits from age 18, but not to grant pensionable status until age 35 or 40, giving no allowance for earlier years, but with more rapid accrual rate, to reduce the previously envisaged level of pension at retirement. The costs will only be marginally higher when compared as a percentage of wages, as stated by our correspondent, Mr. Ferguson, May 8, administrator will be simpler.

It is certainly doubtful whether 15 per cent, will stay with the employee until retirement, and it would be unreasonable to expect anyone to be tied down. This is another very good reason for starting pension arrangements at a later age, to which can be added a third—most people in their earlier years have more pressing commitments in the getting-together of a home and starting a family.

It has not been my experience at even a majority of employees have favoured an early start to pension building. If they had had the position early, the different possibilities early on.

Clemenson, Suffolk, St. Leonards, Tring, Herts.

Contracting in or out

From Mr. R. Sloan.

Sir—While not agreeing entirely with all of Mr. Newton's earlier comments (April 28), I cannot allow Mr. Moffatt's subsequent assertions (May 4) to go unchallenged.

In making cost comparisons between contracting-in and out, many companies have mutually allowed for the reduction in the overall 7 per cent. national insurance contribution (rising to 4 per cent. over the next 30 years). In any event, it is pre-supposed that the full per cent saving is in fact reliable to the contracted-out home, whereas 24 per cent. usually goes to the members and would have to be clawed back by way of increased member contributions. I believe that a decision to contract-out to the public sector employers is entirely as they are surely subject to normal commercial financial criteria.

To suggest that contracting-out is the only logical decision for a bulk of employers already offering a superior private pension scheme "is to miss the main point of the in/out debate, continuing Mr. Moffatt's analogy, a choice is not between a state contracted-in Mini and a private contracted-out Princess, but between two Minis and only one or two points below sitting a tax man's envelope. For the same total cost.

The vital difference is that the state Mini is available at a fixed price, while the second Mini can be exchanged for anything from a moped to a Rolls-Royce with fewer statutory restrictions than apply to the contracted-out Princess.

This demonstrates the potential flexibility of contracting-in plus topping-up, which surely holds attractions for employers who do not necessarily wish to provide a Princess for all their employees, but according to choice, a Mini plus anything up to a Rolls-Royce.

R. K. Sloan, (Director and Regional Actuary) Martin Paterson Associates, 2, Albion Place, Edinburgh.

Consequences of mass unions

From Mr. G. Wansbrough.

Sir—The very interesting article (May 8) by your Labour Correspondent Alan Pike does not cover all the economic issues involved.

The mass unions covering all the employees in an industry naturally tend to give preference to the welfare of the greatest proportion of their membership, which naturally consists of the less skilled operatives. It is this process which has led to the narrowing of differentials, so that it has become less and less attractive to men to make the sacrifices and face the hard work involved in learning highly skilled workmanship. It is a similar process to the process of equalisation which has so much undermined the position in this country of those economic leaders, whether in public or private sections of industry, who receive in this country so much less reward for their services than either they deserve, or can earn overseas.

It is undoubtedly in the interest of the whole community, and certainly in the long run as much to the interests of the country as to the others, that we should become in every way more efficient. There can be little doubt that separate unions bargaining for the more skilled workers—for example, tool room workers, as well as managers and the like—should establish the requisite differentials.

It is as plain as a pikestaff that if an industrial revival develops in this country on a scale likely to lead to reasonable full employment, we will run into a shortage of skilled labour which may fatally imperil the revival. A major cause of the foreseeable shortage of skilled labour will have been the reduction of differentials caused by the mass unions.

All power to the elbows of Mr. Lyons and his like. They, and the bargaining units which they would develop, are the best friends there could be to the improvement of the standards of living of the less fortunate members of the community.

George Wansbrough, Udimore Cottage, Osterbourne Hill, Winchester.

Telephonic ramblings

From the Managing Director, Murray Evans Associates.

Sir—The Montel telephone costing unit (Executive's Office World, May 8) raises a welcome discussion on the whole question of individual telephone usage in any size of company. Opening a company telephone bill ranks in horror potential only one or two points below sitting a tax man's envelope. Our design brief for the Count-

down telephone meter was specifically to cater for this sector and results during the first few months of selling the unit proves this to be a very worthwhile market indeed.

With equipment available in the U.K. ranging from £50,000 right down to £25 and perhaps as low as £15 in the not too distant future, Busby had better watch out!

V. Craven, Pinnerwood Management Consultants, Pinnerwood House, Pinner, Middx.

Land tax and expansion

From Mr. K. Hanson.

Sir—I wonder if the Government is aware of just what effect development land tax is having on industrial expansion and the labour market.

We have recently had a case where industrial clients of ours with approximately 80 per cent. of their output going for export wished to enlarge their factory with, unfortunately, only one adjacent area of land suitable for such an extension. This is privately owned and irrespective of the fact that our clients are prepared to pay way over the market value for the site, the owner having done his sums so far as capital transfer tax but more particularly development land tax is concerned, finds that the amount left in his pocket just does not make economic sense and consequently he is not prepared to negotiate pending possibly a change of Government and hopefully a more realistic rate of tax on development land values.

The consequences of this disastrous legislation just in this one case is: (a) A loss of work for the construction industry; (b) A loss of further exports for the nation; and (c) A loss of additional jobs that an extension of the factory would have created.

And as good neighbours, the cumbersome enactments of the community Land Act are certainly not the answer.

Kenneth E. Hanson, Daera, Son and Hartley, Station Road, Otley, West Yorkshire.

Complying with car standards

From Mr. M. Honey.

Sir—There is a considerable mixture of opinion regularly expressed as to whether Great Britain should, by import restriction, protect our own motor industry against Japanese and certain European imports. As one who drives a high U.K. mileage each year, I do seem to observe foreign vehicles which do not comply with the generally recognised British Standards, particularly with regard to the colour and position of side, head and direction indicator lights.

There is no doubt that exported British vehicles have to comply with the general standards of the country to which they are destined and this undoubtedly causes considerable difficulty to the British vehicle manufacturer due to diversification of markets.

Am I right in assuming that we are a "soft touch" as importers, whereas the conditions facing our exporters are to say the least a little tougher as are their own regulations on vehicles produced and sold in the U.K.?

M. C. Honey, 373, Old Bedford Road, Luton, Beds.

To-day's Events

GENERAL International Monetary Fund team begins talks in London with Treasury officials on U.K. standby credit guarantee.

National Union of Mineworkers executive meets.

London Chamber of Commerce Taxation Committee meeting with Labour Party Committee to discuss Finance Bill.

Prime Minister attends Labour Party rally in Manchester at start of four-day visit to North-West.

Mr. Roy Hattersley, Prices Secretary, speaks at American Chamber of Commerce lunch, Savoy Hotel, W.C.2.

Mr. Christopher Tugendhat, EEC Finance Commissioner, Steel (Amendment) Bill, second reading. Co-operative Development Agency Bill, remaining stages.

House of Lords: Trustee Savings Bank Bill, second reading. Debates on enlargement of EEC and on North Sea oil licensing.

Select Committee: Expenditure (Social Services and Employment sub-committee). Subject: Employment and training in the new unemployment situation. Witness: Mrs. Shirley Williams, Education Secretary (3 p.m. Room 16).

OFFICIAL STATISTICS Provisional figures of vehicle production (April). Finished steel consumption and stock changes (first quarter, provisional).

COMPANY RESULTS Matthew Hall and Co. (full year).

COMPANY MEETINGS Applinard Group, Leeds, 12.30. Baxton Clarke, Sheffield, 12.30. J. Bibby, Liverpool, 3. Corah, Leicester, 12. Metcalfe, Birmingham, 11.45. Monfort (Knitting Mills), Leicester, 12. Rosediamond Investment Trust, 11. Bishonsate, E.C. 11. Royal Worcester Brown's ment and training in the new unemployment situation. Witness: Mrs. Shirley Williams, Education Secretary (3 p.m. Room 16).

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Don't the people who create the nation's wealth deserve to keep some themselves?

Whether you're in business for yourself, or an executive doing a vital job, you may well feel you're getting a raw deal nowadays.

Suppose your income is £10,000.

Not so long ago, you could live well on that sort of money...and set aside enough to create wealth for yourself.

Today, high tax levels and inflation have made life more difficult. Indeed, The Economist Intelligence Unit has estimated that anyone earning £10,000

Salary needed to enjoy the same standard of living

Salary before tax:	Salary before tax:
January 1971	January 1978
£2,500	£6,500
£5,000	£14,500
£7,500	£28,500
£10,000	£43,500
£15,000	£59,500

Based on a married man with two children.

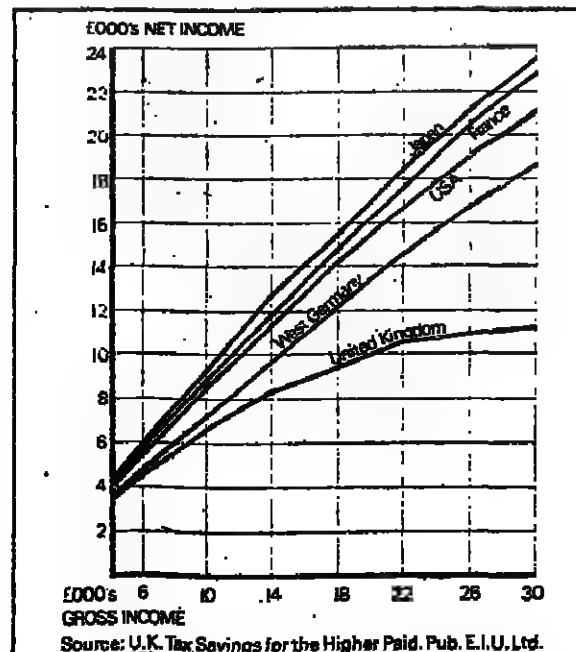
seven years ago needs over £40,000 to enjoy the same standard of living today.

Yet the problem isn't insoluble. If you know how, you can save money that would otherwise go to the tax man, and use it to provide for your own future.

Today's tax structure, if you take advantage of it properly, can help you to create wealth for yourself. But, with tax regulations changing frequently, you need the help of experts.

This is where we come in. At Equity & Law we have 134 years' experience of successful money management. We can prepare a plan for you that will ensure you are able to accumulate capital free of personal taxes, so that instead of you financing the tax man, he's helping to finance your future.

Talk to your financial adviser, or contact us direct for more information. But, above all, don't delay. For every extra day that passes you would be paying money to the tax man that could be working for you instead.



A comparison of net earned income after tax in five major industrial nations. (Example: a married man with two children.)

Equity & Law

Equity & Law Life Assurance Society Limited, 20 Lincoln's Inn Fields, London WC2A 3ES.

The Lloyd's Insurance Brokers' committee of the British Insurance Brokers' Association will be in touch with the liquidator and anyone holding a Lloyd's policy arranged by Armour-Hick Parker and needing additional finance may write to Lloyd's, 155 Abchurch Lane, London, E.C. 4, for a further provision of additional finance in connection with other policies arranged by Armour-Hick Parker.

bank, told the judge that the gross assets of Bunkle were \$481,000. Liability of \$408,000 left \$73,000, but he was informed that the \$122,000 listed as the investment in M Publications might be overestimated, and the maximum net assets would therefore be \$79,000 and the minimum about \$30,000.

SHARE STAKES

Cooper Industries—W. H. Podorc, a company controlled by C. Cooper, has acquired 85,000 shares. Mrs. K. M. Cooper, wife of C. C. Cooper, has acquired 2,000 shares.

New annuities per annum	10.1	7.3	37.2
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whole but, nevertheless, I think the result we have achieved in the circumstances provides a reasonable



Harrisons goes for the big one

BY JAMES BARTHOLOMEW

Everything that has happened in the past few years palls in contrast to the Harrisons and Crossfield's £110m. bid for the Malaysian estates. It is the climax of two or more years of manoeuvring, buying and selling, controversy and politicking.

Harrisons and Crossfield (H and C) has been trying to hold on to its massive plantations empire in the face of guerrilla attacks by companies such as McLeod Russell, N. M. Rothschild, Gentings Highland—a Malaysian company and Sipef SA—a Belgian company.

On a second front, H and C has been negotiating with the Malaysian Government to release as little as possible of its associate, Harrisons Malaysian Estates, to local interests and at as high a price as possible.

And on a third front, H and C has had to face Press and City criticism of the labyrinthine cross-holdings of dozens of plantation companies within the H and C empire.

In the face of this pressure and conflict, H and C has, as its chairman, Mr. T. Prentice, says, "stuck to its last." Being willing to commit its whole being to the conflict, H and C has won all the major battles so far and now looks set to win another—the biggest of the lot.

Yet H and C does not hold the ace of trumps in this game. That is undoubtedly held by the Malaysian Government which can ultimately make life very difficult for the British company. The game is by no means over, but H and C has stolen an impressive lead.

It all started innocently enough in the beginnings of this century when H and C founded many small plantations companies, predominantly owned by the public. H and C acted as secretary and agent for these companies and was highly respected in these roles. Naturally it took equity stakes in these offshoots.

As time went by, the companies built up stakes in each other in order to spread their risks in terms of politics, geography and crops. But over the last 10 years, these cross-holdings have been regarded in a more sinister light. They have been criticised as a "pyramid" structure enabling H and C to exercise "creeping control" without making full take-over bids.

In November 1976, the game began in earnest—prompted by the desire of the Malaysian Government to see local business owned by local interests. With the "New Economic Policy of Malaysia" (the "NEP"), the government announced its aim of putting 30 per cent of the economy in Malay ("Bumiputra") hands and 40 per cent in the hands of other Malaysians such as the resident Chinese by 1990.

Three companies in the H and C camp, the "three sisters"—Golden Hope, London Asiatic and Pataling—therefore submitted proposals for a merger and transfer of residence to Malaysia. H and C was to remain the king-pin company and this gave rise to the first major battle.

Gentings Highland, a Malaysian company with a major stake in Golden Hope blocked this first scheme with the rumoured

approval of the Malaysian authorities. C. H. then made a bid for Golden Hope—the big stock market value of the company of the three sisters. H and C successfully fought this off and proceeded to implement another scheme which would have the same effect as the first but which could not be blocked in the same way.

The new company which emerged out of the scheme was Harrisons Malaysian Estates. So far so good: the H and C empire had been held intact.

The summer of 1977 saw a jolt in the battle but then the winter campaign opened with a skirmish over an Indian associate of H and C called Malayalam Plantations. McLeod Russell, a British plantations company, made a bid for this outpost of the empire and provoked H and C into responding with a higher bid. The wide-spread view now is that H and C ended up paying too much for Malayalam, giving McLeod Russell a profit of over £1m. in the process. It has been H and C's one bad move in the campaign, though Malayalam did at least include some H&C shares among its assets.

H and C's next move was among its associates. It bid for Harcross Investment Trust, an associate which had been specifically designed to give investors a stake in a spread of plantations companies. But for H and C, the acquisition was strategically vital because these stakes enabled it to gain legal control of more or its associates. Harcross naturally had a stake in H&C and in other companies which also in their turn had stakes in H&C. The grip was tightening.

The bid for Harcross was done at a price only a little above the stock market value of the company concerned. In other words, H and C by no means reflected the great strategic importance of Harcross to it and C.

Rothschild Investment Trust and McLeod Russell tried to frustrate the bid, but without success. They tried standing in the market, buying shares at above the bid value. In fact, if they had made an outright bid, they would probably have forced H and C to name an even higher price. But H and C got away with it.

The cheapness of this acquisition was amply demonstrated in the next episode. Rothschild McLeod Russell and Sipef SA got together to bid for another of H and C's associates, London Sumatra, which has estates in Indonesia. The top bid made by the consortium, under the name McLeod-Sipef, was worth £300 per share, more than half as much again as the price H and C had paid for shares in London Sumatra through its bid for Harcross. And even this price was dismissed by the London Sumatra directors as being insufficient. So the bid was successfully fended off. The empire still remained inviolate.

H and C picked up additional shares in H&C in the early months of this year, as well as obtaining shares through the Malayalam and Harcross acquisitions. This brings us to yesterday's news of the proposed merger. As with London Sumatra, the value now placed on H&C is well above what H and C had to pay through

the Harcross route. But the greater significance of the deal on another front, the campaign to retain control in face of the aspirations of the Malaysian government.

H and C has been negotiating with the Malaysian government for over a year—as yet without result.

In the merger proposal announced yesterday, H&C says it will give up 10 per cent. to Bumiputra investors at a "substantial discount." But the Malaysian government may not be satisfied with just 10 per cent. and the negotiations may continue to drag on.

The advantage of the merger for H and C is that the Malaysian government cannot stop H and C obtaining legal control of H&C. H and C will then be in a stronger position to negotiate, no longer open to the usual "pyramiding" accusations. H and C intends to complete its new "clean" image by transferring control of its secretarial and agency business in Malaysia to H&C.

H and C would probably prefer its bid to be only partially successful. In that way a lot of the shares might remain in local hands and H&C would be largely "Malayansed" without difficult negotiations.

The danger if the bid is wholly successful is that H and C will itself be a very Malaysian company indeed and the government might try to Malayansed the whole group. Despite the need and hold move by H and C this complex campaign is not yet over and time must be on the side of the locals.

MINING NEWS

Union Miniere profits slide again

BY PAUL CHESSBRIGHT

UNION MINIERE, the Belgian mining group which was once the major copper producer in Zaire, suffered a drop in net profits last year of 37.5 per cent. Its dividend of BFR5,500 (US\$47) compares with BFR 6,000 paid for 1976.

Net profits for 1977 were BFR40,077m. (US\$23m.), against BFR49,785m. in 1976, the group announced yesterday. The 1976 total was 16.5 per cent. down on that of 1975.

The downturn is no surprise. The group predicted as much after the first half when it pointed out that the depression in base metal prices would weigh on the results. Price movements in the second half of the year did little to alleviate the position.

Since its departure from Zaire, Union Miniere has been developing a new series of operations, concentrating on the Americas, Australia and Europe. In the process it has become very exposed to movements in the copper and zinc prices.

Its Thierry copper mine in Ontario has been producing at half the nominal capacity in order to preserve ore reserves. This low level of production is a common phenomenon in the North American copper industry. But production at Jersey's Miniere Zinc's Elmwood mine in the U.S. has nearly reached planned levels to improve before the operation makes a profit. This factor has caused the postponement of the Yelardena project in Brazil, but another venture, in Brazil, should start in the second half of 1978.

The lower level of profits from Ontario has been producing at half the nominal capacity in order to preserve ore reserves. This low level of production is a common phenomenon in the North American copper industry. But production at Jersey's Miniere Zinc's Elmwood mine in the U.S. has nearly reached planned levels to improve before the operation makes a profit. This factor has caused the postponement of the Yelardena project in Brazil, but another venture, in Brazil, should start in the second half of 1978.

the group will affect the final figures for Tanganyika Copper, which has an interest of 12.5 per cent. But the Tanks shares were unchanged yesterday at 141p. Union Miniere shares fell 73p to £10.

South Africa's uranium stock

NEW DISCOVERIES and success in extracting material from old gold mining dumps have led the South African Atomic Energy Board to increase its estimate of the country's uranium reserves by 70,000 tons.

The Board said yesterday that it calculated there were 306,000 tons of reasonably assured reserves and 42,000 tons of estimated additional reserves which can be exploited at \$36 a pound. This price is in fact below values attached to contracts recently signed for the immediate delivery of uranium.

In the higher cost range of \$36 to \$39 a pound, the reserves are put at 34,000 tons, reasonably assured and 38,000 tons estimated. The total figures, which include Namibia (South West Africa), represent a 20 per cent. increase on the estimates of January, 1975. This reflects the vigour with which exploration activity has continued in the face of rising world demand for nuclear fuel, although early optimistic estimates of likely consumption made in the aftermath of the 1973-74 energy crisis have been scaled down.

The South African industry has recorded a deficit of C\$303,000. An indication of some return to normality in the nickel market came with the disclosure that sales from the integrated operations were 13.7m. lbs compared with 10.1m. lbs in the first three months last year.

But copper sales slumped as consumers held their inventories at low levels. They were 6.6m. lbs against 11.1m. lbs.

ROUND-UP

Central Norwestern Gold announced from Melbourne that a dividend of 50 cents (31.1p) per share had been declared.

A strike at its asbestos mine in Newfoundland pushed Advocate

been expanding quickly in contrast with that of Australia where uranium policy has become the subject of protracted political debate.

MINING BRIEFS

PETALING TUN—April output 123 tonnes (March 123 tonnes).
Pahang Hydraulic Tilt—April output 108 tonnes (March 29 tonnes).
46 weeks ended 1/4/1978 2/4/1977

Queensland Phosphate Prod. days scheduled	200	221
Prod. days worked	197	220
Phosphate mined (dry tonnes)	365,532	364,521
Plant production (dry tonnes)	318,151	294,704
Plant output to Townsville (dry tonnes)	278,486	297,116
Shipment, dry tonnes	299,714	157,850
COBAC Prod. days available	192	120
Prod. days worked	192	119
Prod. days treated	409,549	442,316
Concentrate (tonnes)	25,211	28,336
Copper conc. (tonnes)	6,206	5,422
Zinc concentrate (tonnes)	20,761	15,449
Zinc content (tonnes)	10,739	7,682
Lead concentrate (tonnes)	3,444	3,071
Lead content (tonnes)	1,781	1,688
AGL AMERICAN CORPORATION		
Coal division sales output for April (figures in metric tons)		
República de Colombia	393,301	393,301
República de Chile	393,301	393,301
República de Ecuador	393,301	393,301
República de El Salvador	393,301	393,301
República de Guatemala	393,301	393,301
República de Honduras	393,301	393,301
República de Nicaragua	393,301	393,301
República de Panamá	393,301	393,301
República de Paraguay	393,301	393,301
República de Perú	393,301	393,301
República de Uruguay	393,301	393,301
República de Venezuela	393,301	393,301
República de Argentina	393,301	393,301
República de Brasil	393,301	393,301
República de Cuba	393,301	393,301
República de México	393,301	393,301
República de Colombia	393,301	393,301
República de Chile	393,301	393,301
República de Ecuador	393,301	393,301
República de El Salvador	393,301	393,301
República de Guatemala	393,301	393,301
República de Honduras	393,301	393,301
República de Nicaragua	393,301	393,301
República de Panamá	393,301	393,301
República de Paraguay	393,301	393,301
República de Perú	393,301	393,301
República de Uruguay	393,301	393,301
República de Venezuela	393,301	393,301
República de Argentina	393,301	393,301
República de Brasil	393,301	393,301
República de Cuba	393,301	393,301
República de México	393,301	393,301

Panel investigating forecasts

The City Takeover Panel is investigating information published by Andre Silenbloe during its ill-fated attempt to block the takeover bid by BTR last year.

BTR has drawn the Panel's attention to two documents sent to Silenbloe shareholders in May last year, one of which contained figures showing pre-tax profits for the half year to April 3, 1977 of £527,000.

Sir David Nicolson, chairman of BTR told shareholders at yesterday's AGM that final figures from Silenbloe covering a 15 month

period had shown profits of only £345,000.

He said that applying a logical multiple of the trend indicated by the defence document "one would have expected profits in excess of £1m."

In addition BTR has drawn the Panel's attention to statements made by Silenbloe during its defence.

Meanwhile the Panel said yesterday that it is also investigating a profits forecast made by Dunford and Elliott at the time of Lombar's takeover bid. Lombar said that it is taking legal advice over the profit forecast. Last year Dunford made profits of £1.7m.

compared with a forecast of approximately £3m.

The first indication of BTR's disappointment over Silenbloe's profits performance came earlier this year when the group said that Silenbloe's results had proved "surprisingly inadequate" and that "appropriate action" had been taken.

Sir David told shareholders that Silenbloe was now operating profitably and "much more in accord with what we would expect."

He added that BTR's pre-tax profits were now running more than 20 per cent. ahead over the same stage a year ago.

SHARE STAKES

Gordon and Goch Holdings—Gordon and Goch (Australia) has bought further 22,200 shares. Total holding 1,061,012.

W. and J. Glossop—Thromorton Trust is beneficial owner of 240,000 shares (5.16 per cent.).

Cape Industries—Charter Consolidated, as a result of acquisition by a subsidiary of 40,000 shares, has increased its interest to 18,114,582 shares (87.14 per cent.).

Warne Wright and Rowland—Group Captain J. P. Cecil-Wright sold 35,000 shares at 44p on April 24. Central Manufacturing and Trading Group has bought 20,000 shares. Total holding 885,000 (8.6 per cent.).

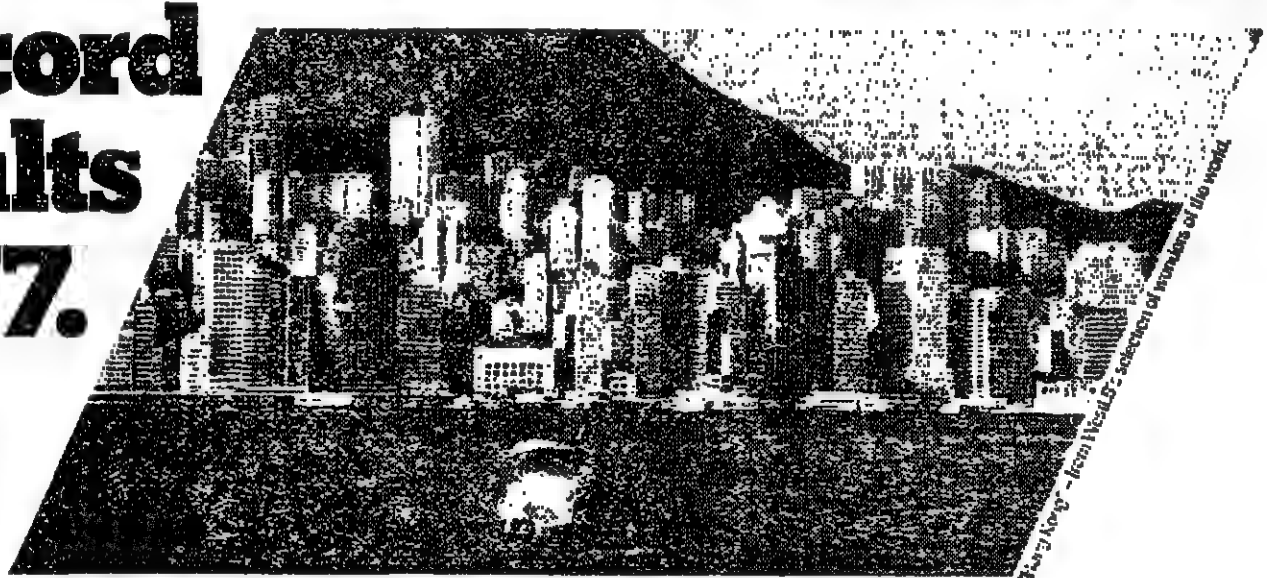
Pork Farms—On May 3 J. C. Samworth sold 165,000 shares reducing number in which he is interested to 880,840 shares (25.33 per cent.).

S. Simpson—Dr. S. L. Simpson, chairman, has sold 100,000 "A" Ordinary shares.

CPL/GEDONG

Acceptances received by Consolidated Plantations in response to the offer for Gedong Investments amount to 305,720 shares, which together with the 252,500 shares owned prior to the offer period, represent 91.8 per cent. The offer is now unconditional and remains open.

Westdeutsche Landesbank, a leading wholesale financing institute, achieves record results in 1977.



WestLB's service emphasis on wholesale financing, both at home and abroad, greatly strengthened the Bank's market position and brought excellent results for the 1977 financial year. The Bank's group balance sheet total advanced by 13.5 per cent to DM 82.7 billion, with an after-tax surplus of DM 172 million. The Bank's international facilities and participations, including its wholly-owned Luxembourg subsidiary, WestLB International S.A., contributed substantially to the overall success.

WestLB's leading position in domestic and international financing was again enhanced by the Bank's extensive refinancing capacity. The total flow of available funds increased by around DM 7.5 billion net to a total of DM 62.5 billion. Contributing to this were sales of own fixed interest securities, which rose to a record DM 6.8 billion gross and DM 3.7 billion net, as well as a net increase in deposits from industry, institutional investors, state agencies and banks totaling DM 4.2 billion. This includes certificates of deposit with WestLB branches, which increased by 42.7 per cent to US \$ 865 million.

WestLB was manager for 45 syndicated loans to foreign borrowers as compared with 35 the previous year. The Bank was also in the management group of 24 other loans. The Bank's vital role as one of the foremost forces in the Euro-bond market was again documented by the fact that WestLB was lead or co-manager in 48 public offerings out of a total of 78 DM issues.

WestLB began 1978 by assuming complete ownership of the Hong Kong based merchant bank ASAC. With its dynamic and flexible international capabilities WestLB expects to further strengthen its position as one of the world's major wholesale financing institutes.

It also was in the management of 10 of the 42 private placements in DM. WestLB was in the management group of 51 public issues and private placements for Euro-issues in other currencies. The Bank also participated in 151 other non-DM issues, and in the US it was a member of the syndicate in 13 domestic US \$ issues.

In addition, WestLB played a dominant role in domestic DM loans to international borrowers on a long-term, fixed interest basis. WestLB's strong commitment to sound personal advice in the field of money management accounted for a continued increase in the placement of fixed interest securities. International institutional investors are benefiting more and more from WestLB's pre-eminent position as market maker in fixed interest securities in an exceptionally strong currency.

Foreign exchange operations benefited from the Bank's client-oriented advice amidst increasing currency uncertainties. International commercial banking activities such as letters of credit, payment transfers and export financing increased substantially, reflecting high quality and rapid client services and close contacts with correspondents. Local cost-financing facilities through the Bank's international network were also used extensively. Domestically the Bank enjoyed a particularly favourable upturn in long-term financing to corporate clients. Long-term buyers' credits in conjunction with German export efforts also showed an above-average growth.

A strong force in wholesale banking **WestLB**
Westdeutsche Landesbank

Falconbridge makes a loss

DESPITE SOME increase in nickel sales during the first quarter, Falconbridge, second only to Inco among Canadian producers, has continued to lose money, writes John Saganich from Toronto.

The consolidated loss in the quarter to March was C\$2.7m. (US\$1.3m.), or 75 cents a share after recognising the dividend requirements of preference shareholders. In the comparable period of 1977 there was a net profit of nearly C\$3m.

Although the loss from integrated nickel operations at Cobalt was only half that of the 1977 first quarter, problems arose in the subsidiary companies. Falconbridge Copper lost C\$1m. for example, instead of contributing C\$1.1m. as they did in the 1977 first quarter. The subsidiaries

recorded a deficit of C\$303,000. An indication of some return to normality in the nickel market came with the disclosure that sales from the integrated operations were 13.7m. lbs compared with 10.1m. lbs in the first three months last year.

But copper sales slumped as consumers held their inventories at low levels. They were 6.6m. lbs against 11.1m. lbs.

ROUND-UP

Central Norwestern Gold announced from Melbourne that a dividend of 50 cents (31.1p) per share had been declared.

A strike at its asbestos mine in Newfoundland pushed Advocate

Mines into a 1978 first quarter loss of C\$1.6m. (US\$0.8m.), compared with a net profit of C\$467,000 in the same period of 1977. John Saganich writes from Toronto. A pit wall failure in the northern part of the mine will seriously affect this year's earnings and will carry through into 1978.

Mr. Mario de Bastiani, the retiring president of the Ontario Mining Association, said the industry had an increasing role to play in the Canadian economy, but that it was essential to create an atmosphere of stability in taxation and environmental requirements so that the industry would be ready to take advantage of the market upturn—when it came.

OIL AND GAS NEWS

NZ venture soon for Aquitaine

THE Aquitaine consortium is on special committee on the liquefied natural gas (LNG) pricing with the New Zealand Government. The Ministry says that as a prospecting wells, reports Dal Hayward from Wellington. This follows months of protracted negotiations.

Like other companies Aquitaine were unhappy with the New Zealand Government's oil discovery tax proposals. There has also been disagreement over decision making processes. The additional trains would produce LNG to be exported to the U.S. starting around 1980. The price was estimated in start production by next August, the Ministry added.

An oil consortium including the Philippine Seafarer Petroleum and Mineral Resources Inc will drill its fourth well in the Reed Oil N.Z. Beach Petroleum (Australia) and Home Oil (Canada).

A company official said that drilling would "confirm" as shows President Suharto of Indonesia in Sempang 1, the country's second discovery well and possibly discover an oil horizon

below the gas formation." The new well, Sempang 2, 4 km east southeast of the first, was programmed to a depth of 14,000 ft and will cost about \$4.5m. Last year two other wells turned out to be dry holes.

Oil companies' profits static

A SURVEY of 241 oil companies shows that nearly half of them failed to increase their profits over the last two years for which accounts are available. Only 55.2 per cent. showed an improvement in profits.

The survey, published by Inter Company Comparisons, found 74.3 per cent. of the companies studied increased their turnover, 79.3 per cent. added to their assets and 73.9 per cent. enlarged their liabilities. Only 6.8 per cent. increased payments to directors.

Oil and Petroleum, Strick

Oil and Petroleum, Strick Edition, IEC, 81, City Road, London EC1 1BD; £27.80.

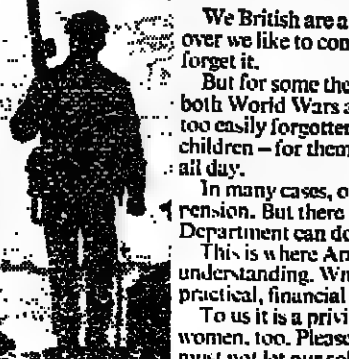
APOLLO

Edited by Danyel Sutton

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The war that never ends



We British are a peaceful people. When a war is over we like to consign it to the history books—and forget it. But for some wars live on. The disabled from both World Wars and from lesser campaigns, now all too easily forgotten; the widows, the orphans and the children—for them their war lives on, every day and all day.

In many cases, of course, there is help from a pension. But there is a limit to what any Government Department can do. This is where Army Benevolence steps in. With understanding. With a sense of urgency... and with practical, financial help.

To us it is a privilege to help these brave men—and women, too. Please will you help us to do more? We must not let our soldiers down.

The Army Benevolent Fund
for soldiers, ex-soldiers and their families in distress
Dept. FT, Duke of York's HQ, London SW3 4SP

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Dominion Stores hits record

By James Scott

TORONTO, May 10. RECORD PROFIT and sales are reported by Dominion Stores of Toronto, Canada's largest food retailer, for the year ended March 1978. Profit was \$20.83m. (\$US18.5m.) or \$C2.44 a share, against \$C16.19m. or \$C1.90 previously.

Sales rose from \$C2.02bn. to \$C2.21bn. (\$US1.96bn.).

Profit per dollar of sales rose from eight-tenths to nine-tenths of a cent.

Moore ahead

Although sales and operating margins in the U.S. were affected by severe weather and the coal strike, quarterly profits of Moore Corporation of Toronto, the world's largest producer of business forms, amounted to \$US19.7m. or 70 cents a share, against \$US17.7m. or 68 cents a year earlier, writes James Scott from Toronto. Sales were \$US313.6m. compared with \$US238.1m.

Power Corporation

Power Corporation of Canada, the holding company which controls Investors Group, Great-West Life, Consolidated Bathurst and other companies, earned \$C15m. (\$US13.3m.) or eight cents a share in the first quarter, against \$C15.000 a year earlier, writes Robert Gibbens from Montreal. Revenues totalled \$C36.8m. (\$US32.6m.) against \$C32.8m.

Asbestos evaluation

Negotiations between the Quebec Government and General Dynamics of the U.S. concerning the takeover of Asbestos Corporation are still advanced, writes Robert Gibbens from Montreal. Mr. G. Fiske, chairman of Asbestos, said after the annual meeting today however, that there had been contacts between Lazard Freres, representing General Dynamics and Kidder Peabody, representing the Quebec Government, and that an evaluation of Asbestos as a business, being co-ordinated by Lazard, was almost ready.

General Dynamics controls Asbestos Corporation through its 54.6 per cent. holding.

Philip Morris raises bid for Seven-Up to \$490m.

BY STEWART FLEMING

NEW YORK, May 10.

STOCK MARKET speculators who have been anticipating an increased bid from Philip Morris for the third largest U.S. soft drink's producer, Seven-Up, had their hopes justified this morning when the tobacco and beer major said it was ready to pay \$46 a share for Seven-Up.

Last week Philip Morris announced a \$41 a share offer for the company, valuing it at \$440m. But the Seven-Up board said that the offer was inadequate, adding that shareholders controlling over 51 per cent. of its stock, mainly representing holdings of the company's founding families, were not prepared to tender at that price.

Since then, Seven-Up shares have been selling in the over-the-counter market at around \$44 in anticipation of a new offer from Philip Morris. The announcement by Philip Morris today values Seven-Up at \$490m.

Philip Morris said that in addition to increasing the proposed bid terms it was also removing the condition that at least 5.47m. shares be tendered, and instead it will accept any and all shares tendered.

It added, however, that it will not execute the amendment to its offer if Seven-Up and certain of its principal shareholders enter into a merger agreement with Seven-Up. Philip Morris has offered to enter into a tax-free merger on the basis that the Common stock of Seven-Up would be exchanged for a new issue of Philip Morris Convertible Preferred stock with holders of about 45 per cent. of Seven-Up shares having an option to receive cash. All Seven-Up shareholders wanting a tax-free offer would have that option.

Seven-Up earlier rejected a previous offer to negotiate a similar transaction and Philip Morris said yesterday that the company refused to discuss the question of an offer at more than \$41 a share on a merger basis.

Seven-Up had no immediate statement on the new Philip Morris initiative.

U.K. group in \$6m. food deal

By Our Own Correspondent

NEW YORK, May 10.

CHARTERHOUSE Group International, a subsidiary of the Charterhouse Group of London, has joined with a Florida-based food processing company, Fremont, in signing a letter of intent to buy control of Marathon Enterprises for some \$6m.

Marathon makes and distributes hamburger and frankfurter rolls and frankfurters in the New York Metropolitan area. It is a wholly owned subsidiary of Fremont, which is a letter of intent subject to a number of conditions, including the execution of definitive agreements, will be offered \$6.25 a share for the 1m. shares of the company.

Marathon had sales last year of \$27m. and earnings of \$1m.

New ITT chief forecasts records in current year

BY DAVID LASCELLES

NEW YORK, May 10.

MR. LYMAN HAMILTON JR., who took over the job of president of ITT from the formidable Harold Gessen in January, was in buoyant mood as he presided over his first annual meeting today, and announced a further growth in the large conglomerate's earnings for the first quarter of 1978.

Revenues were up 13 per cent. to \$4.3bn. and earnings up nearly 10 per cent. to \$157m. compared with the same quarter last year, he said, equivalent to a rise in per share earnings from \$1.08 to \$1.15.

This was ITT's first quarter without Mr. Gessen at the helm, although the man who led the company for the last—frequently said to-day, that 1973 results stormy—18 years and turned it would exceed all previous records

into a \$17bn. company with interests ranging from bread to insurance is still chairman, and he was up on the dais at to-day's meeting in Oklahoma City.

He personally picked Mr. Hamilton to succeed him, but Mr. Gessen's zeal for work is widely expected to prevent him from pulling out of the day-to-day running of the company completely. Similarly, his intimate knowledge of ITT has made people wonder whether anyone else is capable of running this sprawling business, which operates in 80 countries.

But Mr. Hamilton seemed undaunted by the task before him. The company was confident, he said, that 1978 results would exceed all previous records for sales, net income and earnings per share.

He was forced to acknowledge, though, that the first quarter results were substantially lower than expected because of the decline of the dollar at the end of March. Gains from foreign currency translation had turned out to be 13 cents per share, compared with 15 cents in the same period last year.

Some of the biggest contributions to earnings came from the insurance and finance divisions, where revenues were \$863.2m. (up from \$832.1m. last year) and net income \$65.2m. (\$36.8m.). Strength was also shown by communications operations and automotive products.

Credit Suisse takes up option

BY NICHOLAS COLCHESTER

CREDIT SUISSE and Merrill Lynch Pierce Fenner and Smith have failed to agree on an arrangement whereby the U.S. investment bank might retain its 51 per cent. stake in Credit Suisse White Weld. It was revealed yesterday that the Swiss bank would be buying the holding from Merrill Lynch for about \$27m. and would thereby raise its stake in CSWW, a major European investment bank, to around 76 per cent.

Mr. Milan Kern, chairman of the Merrill Lynch International Banking Group, explained that the chief stumbling block in the negotiations had been the question of who should have control of any joint operation with Credit Suisse. "We prefer to have 100 per cent. of a growing operation rather than 30 per cent. of an established one," he said. He stressed that the main reason for Merrill Lynch's acquisition of White Weld in the U.S. had been the domestic benefits of the merger.

Merrill Lynch will now be restricted in its use of the White Weld name to the U.S. market—through the newly formed Merrill Lynch White Weld Capital Markets Group. Overseas, the name will be reserved for Credit Suisse White Weld, which will continue to operate under this name.

Having made the decision to take on another American exercise its option, Credit Suisse partner in CSWW, or it could go it alone from its European base.

For Merrill Lynch, which bought White Weld for the estimated book value of \$50m. The 30 per cent. stake in White Credit Suisse decision means it could acquire an will have acquired White Weld American brokerage house, it could acquire a stake in one, roughly \$23m.

Recall order against AMC

BY OUR OWN CORRESPONDENT NEW YORK, May 10.

THE Environmental Protection Agency (EPA) has ordered American Motors to recall virtually all its 1978 production of cars and trucks—some 310,000 vehicles—to repair a faulty pollution control valve.

The order is the most sweeping recall which the EPA has announced, according to a spokesman.

AMC which is currently negotiating a co-operation agreement with Renault, the French car manufacturer, has been in talks with the EPA for several months about recalling the vehicles, and in February of this year voluntarily agreed to recall some 157,000 vehicles.

The problem involves a defective valve in the cars' pollution control systems which is causing the cars to breach anti-pollution regulations.

The EPA estimates that correcting the fault will cost around \$20 a car, but it anticipates that owners of only about half the vehicles will fulfil the recall order.

There have in the past been larger recalls in terms of the total number of vehicles affected—3.7m. General Motors vehicles were once recalled to repair defective engine mounts—but no recall has affected so high a proportion of a single manufacturer's annual production.

Heinz bid agreed

The directors of both Heinz and Weight Watchers have approved the agreement in principle for Heinz to pay \$24 a share for the Long Island-based diet food maker. The proposed deal, worth a total of \$71m., is still subject to the approval of Weight Watchers shareholders, the negotiation of a definitive agreement and certain other conditions, agencies report from Pittsburgh. Meanwhile, Heinz had no comment on talks with Foodways National, the producer and marketer of frozen foods out food products bearing the Weight Watchers trade-mark, which it plans to purchase for some \$50m.

Sunbeam upsurge

With all operating sections ahead and "strong" demand continuing, Sunbeam Corporation, the appliance maker, reports net earnings 6 per cent. higher at \$46m. or \$3.11 per share for the year to March 25, against \$3.01 in the previous year, agencies report. After currency translations, the net comes to \$3.01 against \$2.37. Sales for the year were 20 per cent. ahead at \$2.1bn.

Combined Insurance

Predicting new peaks this year for premiums, profits and dividends, Combined Insurance Company of America reports first quarter income before investment gains at \$14.1m. Investment income was \$11.3m. and income per share came to 53 cents against 47 cents for the same period of last year. Agencies report.

Shipbuilding rise

Overseas Shipholding Group, the shipbuilding concern, reports first quarter net profit ahead by 16 per cent. at \$13m., or \$1.23 against \$1.03 for the same period a year ago. The figure includes an unrealized gain of \$599,000 on currency translation for the latest period against a loss of \$162,000 the previous year. The result came on the back of an 8 per cent. rise in revenue to \$347m., Agencies report from New York.

Corco delay

Commonwealth Oil Refining has announced a postponement of its annual meeting, originally scheduled for May 25 in Puerto Rico. AP-DJ reports from San Juan. "We believe more time should be devoted to considering several developments before we hold a formal meeting with shareholders," Mr. Gary IV Davis, president and chief executive said.

Dana in Europe

Dana Corporation, the motor components company, says that Dana-Europe has agreed in principle to buy Genuine Parts' 75 per cent. interest in its Swiss unit Genuine Parts S.A. Reuter reports from Toledo. Terms were not disclosed.

BRIEFLY

Northwest Air ahead

Among companies reporting first quarter profits ahead over the same period a year ago was Northwest Airlines with 77 cents a share against 56 cents. Also ahead was Planning Research at 51 cents against 44 cents. M. Lowenstein and Sons reported first period profit at \$1.3m. or 39 cents a share, while Transway International earned 96 cents against 83 cents a share in last year's first period.

Showing declines on the other hand were Wisconsin Electric Power with 37 cents for the latest quarter going against 48 cents last time and Barcroft Brace showing a first quarter loss this time of \$2.03m. against a loss of \$1.2m.

In Canada, the picture was also mixed with Campbell Red Lake ahead at 46 cents a share in the latest first quarter against 32 cents last time.

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A spark of financial hope

BY PETER CARTWRIGHT

TALKS NOW going on with the Government are expected to result in a considerable increase in financial support for the further development of battery-operated vehicles in Britain.

So far, this support has been limited to £400,000, for a vehicle assessment programme being undertaken by the Greater London Council. This involves mainly Chloride and Lucas, each of whom is supplying a number of battery-operated vans for the trials.

But the sum looks meagre when set against the total £50m. in government aid going to France, West Germany, Japan, and the U.S.

Hints of a coming change of heart were given at a recent Transport and Road Research Laboratory conference that selected converting coal into oil (which would mean a massive increase in mining) and electric vehicles as the two front-runners in the energy crisis stakes.

Extra support now would come at a crucial time. Individual companies have spent heavily — Chloride more than £10m. and Lucas £4m. — to keep abreast of developments in new high-performance batteries and in more compact and sophisticated control systems. And at the moment it is conceded even by some of their keenest competitors that the British companies are a year or two in advance of the opposition.

In their various ways, they have brought the new technology close enough to the commercial starting line to believe that they could win a valuable race in world markets. But with each major decision costing up to £1m., Government aid to help close the financial gap between development and the assembly line would obviously be welcomed.

The U.K. has more experience of battery-operated vehicles, on which to build than any other country. About 44,000 are running about delivering bread and milk—more than in the rest of Europe put together. But the use of the milk that is

HOW THE BATTERY VANS COMPARE

	Current	High performance*	Sodium/Sulphur
CHLORIDE/KARRIER 35-cwt VAN			
Wh/kg	27	38	135
Range (miles)	35	50	150†
Maximum speed (mph)	40	40	40
0-30 mph (with 35-cwt payload) (seconds)	19	19	19
30-40 mph (seconds)	25	—	—
LUCAS/BEDFORD 35-cwt VAN			
Wh/kg	35	40-45†	—
Range (miles)	50-70	70-80	—
Maximum speed (mph)	50	50+	—
0-30 mph (with 35-cwt payload) (seconds)	14	14 max.	—
30-40 mph (seconds)	10	10	—

* Chloride high performance battery only as yet for Karrier programme. † Lucas high-performance battery not yet in production. ‡ Plus 30 per cent. increase in payload.

far from the up-to-date scene, Lucas is working on a taxi prototype sodium-sulphur battery. The Chloride-Chrysler Silent Karrier 35-cwt payload van, with improved lead acid batteries, will travel at around 40 mph. and fully laden will accelerate to 30 mph in 19 seconds. Lucas-Bedford's similar van, again with higher capacity battery, is designed for a range of 140 miles at a constant 30 mph.

It is now generally agreed that the greatest potential lies in "programmed" routes for buses, commercial vehicles with 4-ton to 34-ton payloads, and personnel carriers, for such things as easing urban rush hour loads, delivering papers and parcels, and airfield work.

The key to it all is the battery, and it is here that the U.K. is ahead. Chloride, jointly with the Electricity Council, is developing a sodium-sulphur battery that promises to be three times more efficient than the best lead-acid type. Despite the fact that some rivals still have a tendency to place the sodium-sulphur battery in the "if, not when" category, a regenerative braking system, such batteries should be power-verted back into stored electrical energy via an electro-magnetic

motor. Of 30 advanced Cable-form-operated vehicles in various countries, five are in America, and one, a Renault 3, forms part of the French evaluation programme. The principal benefit of regenerative braking is that it can increase working range by around 16 per cent.

Lucas has also been extremely active in this area and believes it has a world-wide lead in lead-acid battery technology. It is now two-thirds of the way through an intensive six-year programme which in 1980 is expected to have brought electric vans within sight of the assembly lines. Both Lucas and Chloride have developed advanced logic circuitry to simulate conventional vehicle handling. Indeed, the U.K. objective has been to provide a package requiring the minimum of structural adaptation to conventional vehicles and which will enable them to accelerate, steer and brake like vehicles with automatic gearboxes. Regenerative braking systems, for instance, also simulate engine retardation when the foot is lifted from the accelerator.

Lucas is concentrating on vans and trucks with 1-ton to 1-ton payloads, and appears no longer interested in buses despite its experience with the Mid-Bus. Meanwhile as a result of the forward programme for the sodium-sulphur battery, Chloride is planning to increase the range of its Silent Rider single-decker bus to 150 miles, and its payload by 30 per cent.

Both Lucas and Chloride are confident that work has reached a sufficiently advanced stage to justify government commitment. Indeed, a long-term energy programme will demand a categorical statement soon.

It will not go unnoticed, however, that both the leading programmes are associated with American companies—Chloride with Chrysler and Lucas with General Motors (Bedford). Some possible involvement at the state-owned British Leyland remains an open question.

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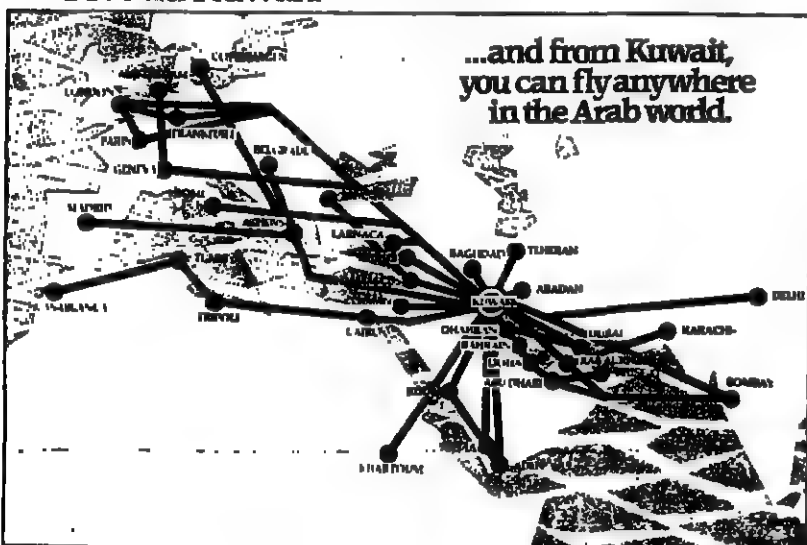
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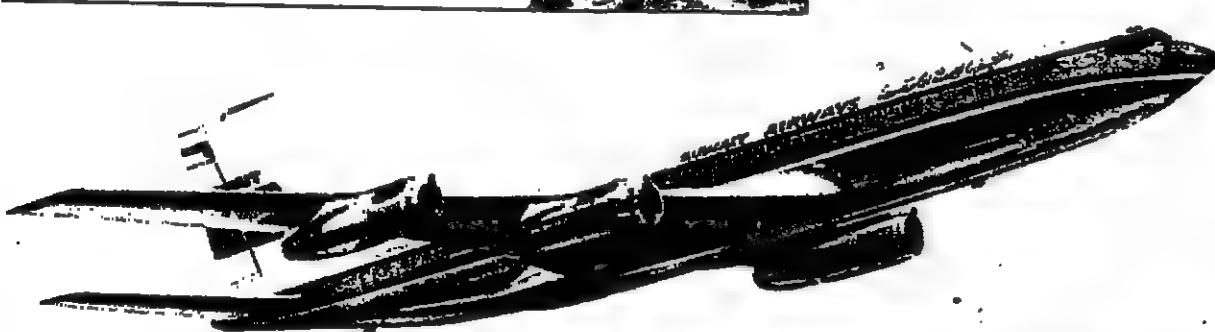
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FINANCIAL TIMES SURVEY

Thursday May 11 1978

ISRAEL

On the thirtieth anniversary of its independence Israel, under the government of Mr. Menahem Begin who came unexpectedly to power last year, is facing the challenge of an unprecedented chance for peace with the Arabs and a new approach to economic development.

THE THIRTIETH anniversary of Israel's statehood should be an occasion for unrestrained celebration. But, although in physical terms its existence is perhaps more established and secure than at any time since independence, and its citizens—in spite of a 40 per cent inflation rate—relatively prosperous, worries and doubts persist.

The sense of security should be there, because Israel has clearly reorganised its armed forces since the setbacks suffered at the beginning of the 1973 war, and is capable of defeating any combination of Arab forces rallied against it. This is partly a result of a concerted programme of re-arming with U.S. help and partly because the Arab states are clearly at odds with one another. But the bus raid in March north of Tel Aviv by Palestinians who had landed by sea to the Knesset and acknowledged brought home to Israelis in gruesome terms that their problem of which notice would exist in the Middle East is still not a generally acknowledged and accepted fact by their Arab neighbours.

Unexpected

These developments come at a time of unprecedented and unexpected events in Israeli politics both at home and abroad. First, there was the general election of last May. The electorate turned against the Labour Party, which has dominated politics since the formation of the State in 1948, and permitted Mr. Menahem Begin, with the belated help of the Democratic Movement for Change, to form a Government after nearly three decades in opposition. One of the immediate attractions of Mr. Begin's style was that after the obfuscations of Labour policies he appeared to offer a clear and

candid sense of direction, even if some people were appalled by his calling the "administered" territories "liberated" rather than "occupied".

The popularity which this decisiveness evoked was further enhanced by the second and crucial factor—the historic visit of President Anwar Sadat to Jerusalem last November. The importance and lasting effect of this visit cannot even now be overestimated. Mr. Sadat through this unprecedented action did what Israel had always said an Arab leader would never do—travel to Israel's capital and hold public and direct talks with Israeli leaders. Indeed, the mere fact of the visit suggested that the era of Israel's most powerful Arab foe was not implacable. Mr. Sadat both "welcomed" Israel to the Middle East in his speech to the Knesset and acknowledged that Israel had a security problem of which notice would have to be taken. As Mr. Abba Eban, the former Foreign Minister, wrote last month in The Jerusalem Post, "For the first time the Arab world was authoritatively presented with a picture of the Middle East that included Israel as a permanent and legitimate reality."

The momentum of that initiative has sadly been lost. With hindsight there was a hint that this might be the case, for it is the Labour Party, which has openly acknowledged that Mr. Begin, a gifted orator, failed to respond in his Knesset speech to the possibilities to which Mr. Sadat opened the way. The Democratic Movement for Change, notably the Christmas Day talks after nearly three decades in opposition. One of the immediate attractions of Mr. Begin's style was that after the obfuscations of Labour policies he appeared to offer a clear and

continuous negotiations on organisation and unrepresentative of the Palestinians themselves; and third that there should be no Palestinian state set up on the West Bank of the Jordan.

For Israel, a major limitation was his inability to speak convincingly for the Arab states whose land was occupied by Israel. Mr. Sadat could have had a bilateral agreement with Israel with little trouble, from his earlier apparently

candour. But predictably these moves were taken by the Arabs as evidence that Israel had no intention of withdrawing from the West Bank, which with its Palestinian connections remains the heart of the conflict. Nevertheless, Mr. Begin, in offering the inhabitants of the West Bank and the Gaza Strip administrative autonomy and the choice of Jordanian or Israeli citizenship, has moved from his earlier apparently

intransigent position. The problem is that in the process he has given the impression that this is not just a negotiating position but a final and generous offer. Simultaneously, the circumstances under which some settlements were established (notably the presentation of that at Shilo as an archaeological excavation) gave the impression that Israel had hardened its position on withdrawal. This was further compounded by the suggestion—since partially cleared up through a contorted statement by Mr. Moshe Dayan, the Foreign Minister—that Israel no longer accepted UN resolution 242, which, among other things, calls for the "withdrawal of Israel armed forces from territories occupied in the

recent conflict" of 1967. Apart from angering the U.S., Israel's closest ally, this management of foreign policy had caused confusion in its own ranks, and following Mr. Dayan's statement that "we say that (242) applies to Jordan," the Jerusalem Post commented that "Dayan's interest in giving a positive up-beat to the Foreign Ministry's information campaign stems to some degree from his realising that Israeli diplomats were

Israel's border from which Palestinian guerrillas could operate against Israel with some impunity. But the size of the operation has been likened to a sledgehammer aiming for a nut—and missing for comparative few Palestinians were killed or captured. In addition, in the U.S., some of the scenes of the fighting and the large number of Lebanese refugees created were likened to American experience in Vietnam. Apart from the disagreement with the U.S. over whether Israel had the right to use cluster bomb units in such a military operation, there was an inroad side effect in that an element in deciding whether Israel can withdraw to permit UNHCR to patrol the area has been to obtain the agreement of Mr. Yasser Arafat, the PLO leader, to attempt to control the Palestinian forces in South Lebanon.

As a result the feeling has been building up in Israel that Mr. Begin, steeped as he is in Jewish history and understandably marked by the loss of his family in the holocaust, is letting slip a unique opportunity for peace with the Arabs. This is symbolised by the growing strength of the Peace Now movement, which started with a letter to the Prime Minister from some 300 reserve officers, among whom were numbered not left-wingers but such men as Yoram Neriya, an ex-captain and one of the handful of men to have been awarded the *Itur Hagurra*, Israel's equivalent of the VC.

"Our idea," Neriya has said, "was to show the Prime Minister that he did not have the nation behind him when he refused to negotiate over Judea and Samaria to get peace." He summed up succinctly the heart of Israel's dilemma when faced by the possibility of peace. He went on: "We also wanted to show him that we, the combat soldiers, would be placed in a very difficult moral position if the chance to achieve peace is lost and another war breaks out... If we have to fight again, we have to be sure that everything possible has been done to avoid war and yet peace, that there is really no alternative."

Monument

The State of Israel stands, however, as a monument to counter these doubts. In spite of the disparate backgrounds of Israel's immigrants there is an established sense of statehood which is far more deeply rooted than Israel's enemies are prepared to concede. Inevitably in the distant event of peace, Israel (like the Arabs) would have to find a new focus of nationalism other than that of the threat from outside. The theory runs that without the Arab threat the fissiparous nature of Israeli society would take over and lead to a gradual break up of the State.

But this ignores how physically established Israel has become with its thriving democracy, its bustling cities, its social services and agricultural skills, its cultural institutions and extraordinary economic activity for a nation of only 3m, or so inhabitants. Above all, it has perhaps the most battle-hardened and effective armed forces in the world. And yet after 30 years, the most treasured prize—the acceptance in spirit as well as word by its neighbours—remains elusive and the key to Israel's self-doubt.

The struggle goes on

By Anthony McDermott

been enough. As Mr. Eban has written: "If he is correct in his estimate that he (Sadat) has solved 70 per cent of the problem by his voyage to Jerusalem, the question remains: what about the other 30 per cent? A bridge that is 70 per cent built may be an impressive landmark, but it is not something on which anybody can travel."

The point which Mr. Eban raises is fundamental, and that is that there are certain points on which there is almost total national consensus—whatever the politics of the Israeli Prime Minister. The first is that there should be no withdrawal to the pre-1967 war lines; second that there should be no negotiations with the Palestinian Liberation Organisation, which Israel regards as being a terrorist

Indeed Mr. Begin was criticised for offering too much in terms of Sinai. The stumbling block was the West Bank (or Judea and Samaria).

On Mr. Begin's side, the limitations are, if anything, more fundamental. He is torn between following the historical inheritance of Herzl, Jabotinsky and Ben Gurion and being the leader who brought Israel peace, and between not wanting to be the leader who, in ceding Judea and Samaria, gave up part of Erez Israel.

It was in this context that the settlement of Jews to establish settlements in the occupied territories as of historical and religious right was confirmed—and after the ditherings of the Labour Government to many Israelis stated with refreshing

often baffled when they tried to explain the Begin Government policy on the West Bank. At the same time, it is increasingly felt in Israel that American support is not as committed as in the past, in spite of the efforts of the powerful Jewish lobby in Congress. This is clearly not the case in material terms, for the U.S. aid contribution to Israel's economy and armed forces is crucial. But there is a strong sense in Israel that its position and image in the U.S. has been eroded. The invasion of South Lebanon was a case in point. Politically retaliation was required after the Palestinian bus raid. In a technical sense the invasion may have been successful — Unifil permitting — in blocking off the last area on

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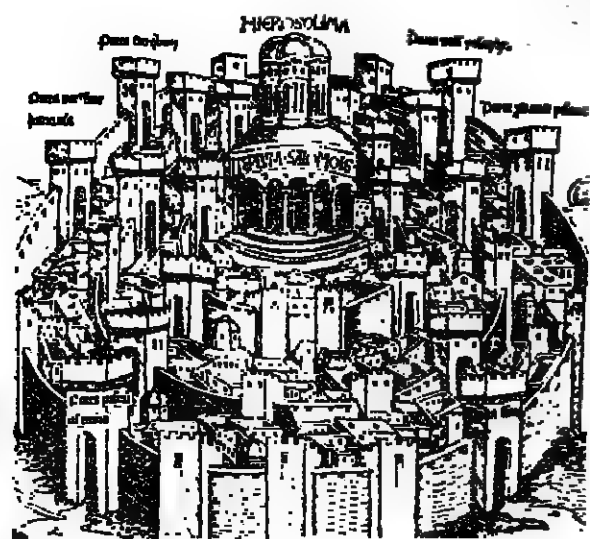
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ISRAEL II

The political debate

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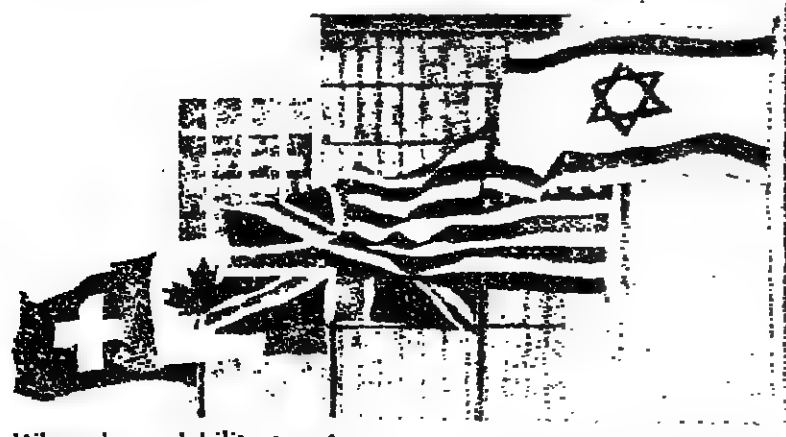
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A YEAR after its shock election victory the Government of Mr. Menachem Begin appears to have established itself firmly despite mistakes in its domestic policies and its apparent inability to grasp the opportunity for peace offered so dramatically last November by President Anwar Sadat of Egypt when he visited Jerusalem.

Though he came to power because of public disgust with the scandal-ridden Labour Party which had ruled since the foundation of the State in 1948, it is foreign policy which has presented Mr. Begin with his greatest triumphs and his greatest trials. The latter even included an unsuccessful challenge to his position by his own Defence Minister, Mr. Ezer Weizman.

The victory in the general elections last May by the Likud block was no ordinary replacement of one group of politicians by another. It was an enormous psychological shock in a country which one Likud Knesset member described as a place where "it seemed God had destined Labour to rule forever."

The greatest domestic

achievement of the Likud Government has been to maintain national stability despite the unprecedented shift after three decades from Labour-Socialist to Nationalist-Liberal rule.

The new Government's attempts to reform the economy have met with limited success. Despite introducing a "new economic policy" based on floating the Israeli pound and liberalising currency regulations, inflation still runs at about 40 per cent., exports have failed to rise, and labour strife continues to disrupt daily life.

But the Government was given plenty of credit by the public, which was relieved to see the fall of the dull, divided and incompetent and at times corrupt Labour Party.

While the Government's policy of demonstratively expanding the number of Jewish settlements in the occupied Arab territories may have angered and alienated Israel's supporters in the West, it did little harm to its popularity at home.

Before the honeymoon could

end, Mr. Sadat made the first genuine and unmistakable peace offer Israel had ever received from its enemies, with whom it had fought four wars in three decades.

The Egyptian leader's visit to Jerusalem sent the popularity of the Government and especially Mr. Begin soaring. This de facto recognition of the State of Israel by the leader of the country's most powerful enemy was a triumph for the Prime Minister and appeared to confound all his critics, who warned that his hard line policies could only lead to another war.

Watershed

Mr. Sadat's visit not only changed the Middle East scene radically but also became a watershed in Israeli domestic politics. The Egyptian leader may have boosted Mr. Begin's prestige, but he also went out of his way to praise the chairman of the opposition Labour Party, Mr. Shimon Peres. As a result Labour, which had fallen into paralysis after its unexpected defeat, began to revive.

As the months passed and the peace negotiations appeared to grind into deadlock, domestic criticism of the Government grew. The Labour Party began to launch scathing attacks on the parsimonious response of Mr. Begin to the grand gesture of Mr. Sadat.

It was at this point, too, that voices of concern began to be heard within the Likud block, especially among the Liberal Party whose decade-old political marriage of convenience with Mr. Begin's nationalistic Herut Party has not eliminated the major differences of temperament between the two.

The most outspoken expression of this concern was made by Mr. Weizman, who nominally belongs to Herut. At what appeared the nadir of both Israel-Egypt and Israel-U.S. relations he issued a public call for the creation of a "national peace government."

As it was quite clear that Labour would not join such a coalition on Mr. Begin's platform, this was interpreted as

a public call on the Prime Minister either to change his policies or to step down.

The politically astute Premier, ably assisted by Mr. Moshe Dayan, the Foreign Minister, easily defeated the challenge. The outcome appears to have been a strengthening of both Mr. Begin and the Government as currently constituted.

Because he was hospitalised by a heart attack before last year's election, and revisited hospital a few times since, there is a continuing question mark about Mr. Begin's health. However, if illness does not force him to retire, he appears to be safe from challenge for the time being.

When his block won the largest number of seats at the May general election, Mr. Begin moved swiftly to grasp the opportunity which he had waited for during 28 years in opposition. In less than a month he put together a coalition commanding 63 of the 120 seats in the Knesset (parliament). Joined in the 45 seats of the Likud were 16 members of two religious parties as well as Mr. Shmuel Platto-Sharon, a wealthy French Jew who had sought election to dissuade the French authorities from pursuing their demand for his extradition to face investigation of his financial affairs. It was a slim but workable majority.

The real and unwitting architect of Mr. Begin's victory was a new political party called the Democratic Movement for Change. It had been formed under the noted archaeologist, Professor Yigael Yadin, by a group of people dissatisfied with the Labour Party. Their hope was to win enough seats to hold the balance of power, and then force reforms on the Labour Party as their price for joining a Labour-led coalition.

The ideological purists of the DMC won 15 seats in a massive protest by labour supporters. But Labour's losses, from 51 to 32 seats, were greater than anticipated, and this left the way open for Likud, which had improved its position slightly, from 39 to 43 seats. Likud gained two more seats when the 1973 war hero, Mr. Arik Sharon joined his independent list with Herut.

Pivotal

Robbed of its hoped for pivotal position, the DMC finally joined the coalition four months later on terms dictated by Mr. Begin. This required compromises of its platform which lost the party much of its credibility. From having won 12 per cent. of the vote a year ago, public opinion polls show the party would win only 2 per cent. sup-

port if elections were held to-day. The Labour Party was in a catatonic stupor after the defeat. It had been rent by pre-election infighting, and then shattered by the forced resignation of the Prime Minister, Mr. Yitzhak Rabin, over a bank account held illegally in America by his wife (ironically this would now be legal under the terms of the New Economic Policy). For months the party appeared incapable of any action. Totally unused to opposition, its members even appeared incapable of criticising the Government.

It had a brief moment of revival when it contested the Histadrut Labour Federation elections a month after the general elections. A mass turnout by grass-root supporters who had been dormant for years enabled Labour to retain its control of the Federation.

But it is only now, in the dawning realisation that the chance for peace offered by President Sadat may be slipping away, that the party is coming alive. Mr. Peres has moderated his right wing tendencies in an effort to hold together the warring factions within the party and to retain the alignment with the more left wing Mapai Party. He has also tried to recreate an ideology for a movement which drifted far from its socialist roots during the decades of power.

The emergency of the popular protest movement, Peace Now, which is calling on the Government to be more flexible in the peace negotiations, underlined the fact that Labour has not yet found its ideology. The public opinion polls show that while Labour has been regaining some of its lost popularity, it is still scoring lower than Likud, which has been slipping from its peak popularity in November-December.

The state of the peace negotiations and Mr. Begin's health appear to be the central factors in Israeli politics to-day. An irretrievable failure of the peace process could lead to serious disaffection against Mr. Begin's policies within the coalition. If ill health forced him to step down then the Likud will lose its single most unifying factor, the forceful personality of the Prime Minister.

Either or both these events could lead to realignments among the parties and Mr. Weizman might yet see the creation of a national peace Government combining all the centrist elements. But barring such major developments, the Government appears set to rule at least until the next general elections, at the end of 1981.

David Lennon



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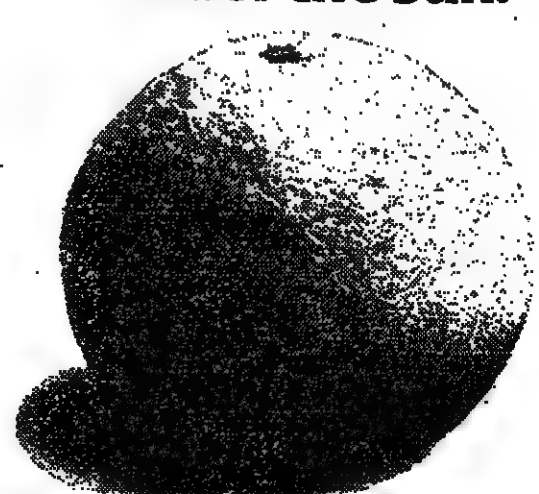
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Area:	7,992 sq. miles
Population (1976):	3.47m.
GNP (1976):	£195.3bn.
Per capita:	£26,892
Trade (1976):	
Imports:	£148.6bn.
Exports:	£136.7bn.
Imports from U.K.:	£249m.
Exports to U.K.:	£128m.
Trade (1977):	
Imports:	£274m.
Exports:	£159m.
Exports to U.K.:	£159m.
Imports from U.K.:	£159m.

of living rose by 11.8 per cent. in November, settled back to about 2 per cent. for the following months, but rose disconcertingly to 3.7 per cent. in March. If this rate was projected over the year it would produce a rise in prices of over 40 per cent.

Amongst demand-pull factors, money supply rose during 1977 by 38.1 per cent. (mainly during the first nine months of the year and compared with 27.1 per cent. in 1976), and the main cause of this increased liquidity was the public sector domestic deficit, which averaged £11.1bn. monthly between January and September (up nearly 80 per cent. on the previous year) and then declined significantly mainly due to the record sales of government bonds linked to the cost of living channelled through the commercial banking system in the wake of the NEP.

At the heart of the battle to control inflation lies the question of wages. So far both the private sector and the public sector (largely civil servants and municipal workers) have settled for two wage increases amounting to 12.5 per cent. from the beginning of the year to be followed by a further 2.5 per cent. on October 1. In addition they are to receive cost-of-living increments based on 70 per cent. of the consumer price index. Formerly these were paid semi-annually, but because of the immediate effect on prices of the NEP the first was paid on January 1, the second on April 1, and a third is to follow on October 1.

This system of wage increases and cost-of-living increments is an advantage in that it cushions Israelis against the erosion of the standard of living. However, at the same time it is a built-in inflationary factor. Furthermore, it is unfair in that outside is a large sector of the population, such as plumbers, electricians, builders, doctors and dentists who are largely self-employed and are able to earn large sums of undeclared income — in their own way creating further strong inflationary market demands.

The major failure has been in permitting the public sector wage rises similar to those of the private sector, for it was one of the NEP's main intentions to move towards restructuring the economy by firing workers away from services towards industry.

One result of this is that this year's budget is bound to overstep the deficit it had set itself. In part this is due to the fact that the budget deliberately does not contain an allowance for wage so as not to encourage wage claims. The 1978 budget totalled £152bn. compared with £141.2bn. in the revised budget of the year before) and officially aims at "freeing the government from part of the financial burden of investment" and "curbing the real growth of government activity." It proposed deficit is £16bn. But it has been officially acknowledged that because of wage settlements the deficit may well reach over £10bn. Inflationary pressures have in no way been helped by the printing of money which amounted to £19.5bn. in the fiscal year 1977-78.

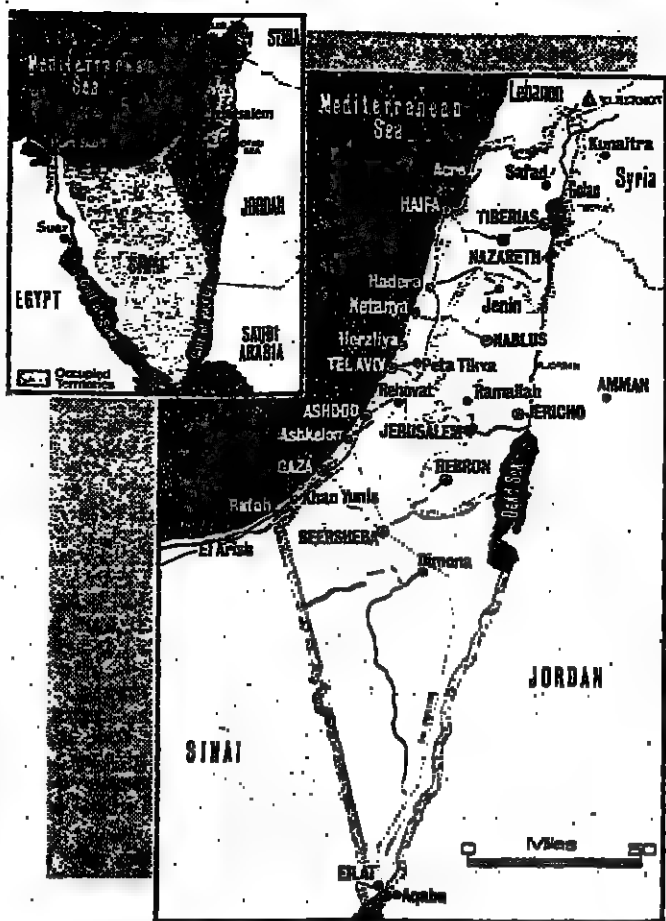
Allies

In addition to its own direct instruments, the Government has had two additional allies in its attempts to alter the shape of the economy. The first has been through the banking system. The activities of the electricity, gas and water were raised, as was VAT from 8 to 12 per cent. As a result the cost

CONTINUED ON NEXT PAGE

هكذا منة الأمل

Defence forces at the ready



guerrilla handbook by withdrawing in the face of a superior enemy attacking force. The Lebanese operation also taught Israel that the Palestine issue continues to be a problem, even given the Palestinians' low level of military ability. The civil war in the Lebanon forced the Palestinians to operate in larger formations than hitherto, and also gave them more battlefield experience. Intelligence sources admit that the Palestine Liberation Organisation has recently become more of a military as well as a political factor.

Another area of massive expansion of Israel's military capacity has been in the field of domestic arms production.

Figures are hard to come by, but a clear indication of the growth can be had from the export figures. Before the 1973 war exports averaged about \$60m. a year, whereas last year exports were \$320m. and it is hoped they will top \$400m. this year.

From the pre-State days' production of ammunition for small arms, the military industries have passed through a series of developments which see it today employing 30,000 people, producing major weapons. Based on imported knowhow, and with R and D input, the country is today producing its own Mach 2.3 warplane and missile boats. This year it is expected to start production of its own tank, the Charriot (Merkava) which places an especially high premium on crew safety.

Israel's planners believe that a small country in conflict with countries receiving weapons from a major power can never be totally self-reliant in arms production. But Israel is close to independence in some areas like electronics, and on the road to independence in others. The next target is the production of families of weapons systems.

ISRAEL'S DEFENCE FORCES have never been stronger, nor readier for war. There is no doubt within the General Staff that if war were to break out tomorrow, Israel would score the most crushing victory in the country's battle-marked history.

But it is not today that the worrying Israel's military leaders, rather the future. For they believe Israel's potential for military growth is limited only economically and in manpower. However, the Arab potential for expansion is unlimited.

Israel's invasion of South Lebanon less than two months ago was an expression of confidence in its military dominance of the region. But the fierce battle over the American three-nation package deal to supply war planes to Israel, Egypt and Saudi Arabia was the most open expression of Israel's concern about the possible balance of forces in the Middle East in the 1980s.

The recently retired Chief of Staff, Lt. Gen. Mordechai Gur, said in a valedictory interview that Israel's military strength has been growing faster than that of the Arab states. He claimed as one of his greatest achievements the re-equipping of the Israel forces since the 1973 war to such an extent that the Arabs now know, in his words, that the risks in starting a war are greater than the possibility of a favourable outcome.

He is only one of many Israel leaders who believe that this is the more formidable military power which has persuaded President Sadat to launch his historic peace initiative in November. They believe that it is only from a basis of military strength that Israel can persuade its neighbours to seek peace, and itself take the risks in pursuit of peace.

Israel publicly acknowledges that its armed forces have grown 25-35 per cent. since 1973. American and other analysts believe the expansion has been much greater.

The massive re-equipping of the Israel forces plus the growth in the size of the standing army have probably tilted the military balance more in its favour than ever.

Israel, with this is the apparent weakening of the Arab arm. President Sadat's peace initiative has driven a rift deep within the Arab world, and makes less likely than ever the participation of Israel's most ardent military enemy in any new round of fighting.

Clearly the eastern front does not have anything like the quantities of military hardware which Israel believes the Arabs would need to win any war against the Jewish state where the quality of both equipment and manpower is so overwhelmingly superior.

Israel is not convinced that Egypt has abandoned the military option, nor is it convinced that Egypt's level of military preparedness is lower than it was in 1973. It does concede, however, that the level is probably no higher. But the military in Israel also note that there has been an upgrading of the quality of Egyptian tank forces since 1973.

While acknowledging the problems of Egypt's air force and ground-based air defence since severing relations with the Soviet Union, Israel believes that these problems are being overcome with aid from other countries.

The growth in the Israeli forces in recent years has been formidable in many areas, especially those where weaknesses were revealed in 1973.

The increase in the size of the tank forces from 2,500 to 3,000 involves, for example, a major improvement in the quality of these tanks.

The move into mechanised divisions has been dramatic. Israel has received 3,000 modern armoured personnel carriers to replace the old-fashioned half-tracks formerly in use and to build new strength in this area.

Foreign sources estimate that Israeli artillery has grown by 200 per cent., mostly through American supplies as the local producer has been experiencing a shortage of chassis for the manufacture of self-propelled guns.

The air force has enjoyed a more than 25 per cent. growth in the number of aircraft, from 400 to about 550. There has also been a massive jump in the number of helicopters at Israel's disposal.

The navy has not lagged

Threat Israel has been stressing more the threat posed by the eastern front of Syria, Jordan, Iraq and, in recent weeks, Saudi Arabia. But even if they could theoretically muster a much larger force than Egypt in the south west, this front clearly creates no major problem for the Israeli army as Egypt remains on the sidelines.

Israeli intelligence estimates the eastern Arab front 200 tanks, 14 divisions and 840 aircraft. Israel has worked for many years on the belief that it must maintain a ratio of no more than three-to-one in the Arabs' favour if it is to survive a war.

To-day Israel has 3,000 tanks and about 550 combat aircraft, according to the London-based Institute of Strategic Studies.

Economy CONTINUED FROM PREVIOUS PAGE

um 28.6 to 30.5 per cent., while those for construction fell from 15.3 to 13.7 per cent. More peculiar has been the behaviour of the stockmarket and its role in making up excess liquidity and the Government's declared aim that it should be a source of capital funds. By November last year the boom had started in the middle of the year before had ended. It during 1977 share prices doubled, with the turnover of curities reaching £230bn., or times that of the previous year. The capital profit index shares (with end 1976 as the base 100) showed a growth at the end of 1977 of 186 for all shares with Finance and Insurance shares (208) showing the fastest expansion, followed by reference shares (195), land and construction (164) and investment companies (157).

The room for manoeuvre of the Israeli government is extremely restricted. For example, two-thirds of the economy was bespoken in advance. The requirements of defence took £154.4bn. (compared with £141.1bn. in 1977) of the repayment of internal debt—both principal and interest £159.5bn. compared with the £123.2bn. the year before—the time that the latter has exceeded the former. The war's indebtedness has been taken up by the huge number of government floated indexed bonds and is as such repudiated.

The defence burden inevitably

ably depends on political circumstances. Even if a settlement was reached with the Arabs, security cautiousness would require a slow winding down of the defence establishment, and furthermore in terms of manpower and the build-up of the defence industry would mean that it would take time for its size (economically disproportionate) in most other economies) to be scaled down.

Revised There are three elements to Israel's defence expenditure. The first is in local currency. Under the revised budget figures this totalled £154.4bn. in 1978 of which about £124bn. was spent locally (or nearly 18 per cent. of GNP). The second was in foreign currency, and this amounted to about £130bn. The third is accounted for by the repayment of loans and credits in foreign currency. During 1977, estimates and real proportions grew considerably. Defence expenditure originally estimated at 17.2 per cent. of resources in fact rose to 23.1 per cent. The proportion of the state budget rose from 32.4 per cent. to 38.2 per cent.—a figure only slightly down on the previous year's calculations of 38.9 per cent. In 1978, proposed spending (which may have been affected already by the invasion into south Lebanon) will take up 14.8 per cent. of the GNP, and 29.9 per cent. of the state budget.

Earlier this year the IMF expressed its views on the NEP. It was enthusiastic about the liberalisation of trade and the general reduction of the role of the public sector. The danger areas it isolated were the questionable practice of printing more money and the approach towards wage settlements. Given the constraints imposed by defence expenditure and internal debts, wages and inflation remain the key problems. The NEP has immediately fuelled inflation. This has had secondary repercussions on wages and the cost of living.

It remains to be seen whether trade, under the impact of the devaluation and more competitive export prices, will improve. Certainly, the foreign currency reserves have grown. Mr. Arnon Gafny, the Governor of the Bank of Israel, said in mid-April that they had risen by \$100m. in the previous two weeks and now stood at \$1.45bn. (compared with \$1.45bn. last October, according to the IMF), a considerable increase for a country whose reserves do not normally fluctuate by more than \$10m. or \$20m. a month. But although Israel's economy is generally and gradually improving, it has yet to be proved convincingly whether the NEP is capable of dealing with the long-standing structural problems—defence, external and internal debts, and wages—which have for so long dogged the country's prosperity.

Anthony McDermott

Debating

Following the development of the Kfir (Lion Cub) fighter from a Mirage frame and utilising an American engine, Israel is now debating the development of the next generation warplane, already dubbed the Aryeh (Lion). Millions of dollars have already been invested in preliminary work, but a political decision is still being awaited on whether or not to go ahead with developing a prototype, at a cost currently estimated at close to \$500m.

It is a very difficult decision, because development costs are enormous for a small country like Israel. But if the project is abandoned, then the Israeli aircraft industry will stop its expansion and probably begin to decline. The high hopes for world sales of the Kfir have already been dashed by an American political veto, largely because it is powered by an American engine.

The major gap in the Israeli arms industry is the production of engines to power modern jet fighters or even a modern tank. But there are no intentions at present to go into this field. Israel will continue to buy the necessary engines "off the shelf" from American or European manufacturers.

With major land, sea and air weapons being produced at home, Israel is less worried than before about dependence on fickle allies whose interests might change. With massive stockpiles it is also more confident in its ability to wage a prolonged war without needing emergency weapons airlifts from the U.S.

What is worried about is the supply of western weapons to the Arab states. Israel believes that the superior western equipment will narrow the qualitative gap, thus enhancing the numerical superiority of the Arab armies. Israel believes that the level of technological competence in the Arab armies is rising all the time. While they do not think it will match Israel's in the foreseeable future, rising ability will enable Arab soldiers to make better and better use of the weapons they are buying. It is because of this that Israel continues to argue about its need for even more advanced weapons in the 1980s, and against the supply of sophisticated western weapons to the Arabs.

In addition to technological advances, Israel's military leaders believe Arab buying power will enable them to amass quantities of weapons which will overwhelm by sheer weight of numbers the better trained and equipped but smaller Israeli forces.

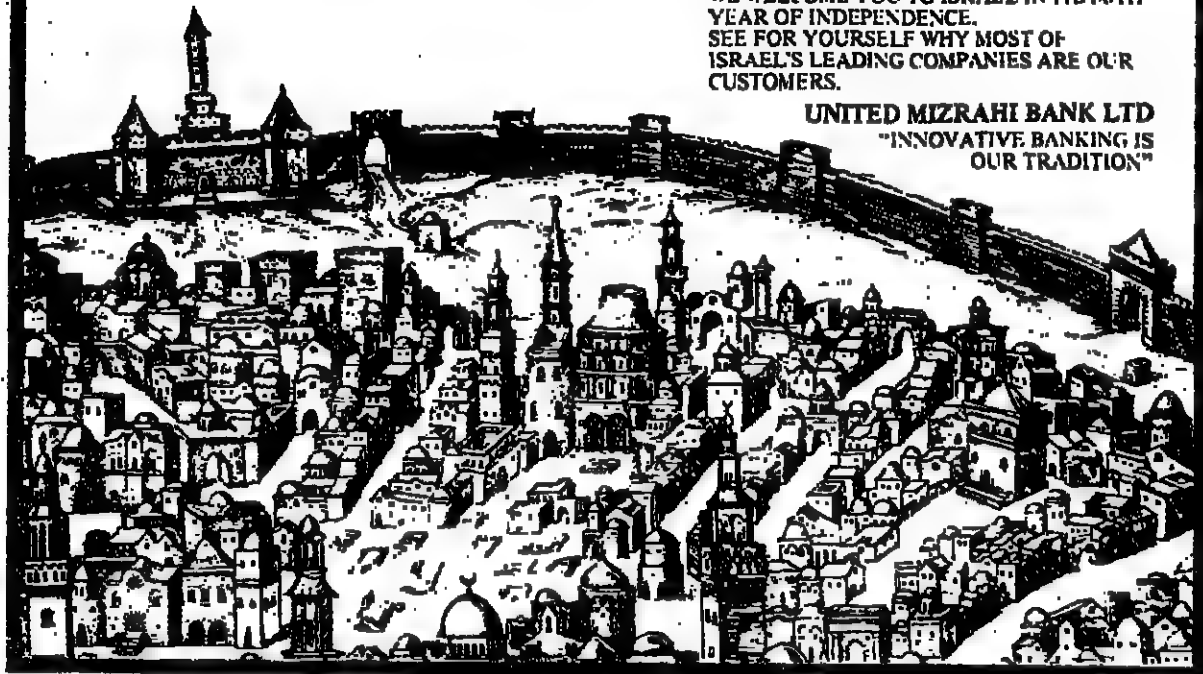
The fear is that in a future war the Israeli soldiers and equipment will be exhausted in the battle against apparently unending amounts of Arab equipment. How to prevent or overcome this future danger is the main preoccupation to-day of Israel's defence establishment.

David Lennon

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Industrial development

ISRAEL'S INDUSTRY has developed very rapidly over the past 30 years. Output has grown by a factor of 13 since 1950, while industrial employment grew only by 3.4, indicating a high level of mechanisation and automation. This has been particularly true for the past decade, which has also seen considerable diversification, particularly in the metal products, electronics, chemical, and plastics industries. The overall share of industry in the GDP last year reached almost 35 per cent, while the 302,500 workers employed in industry constituted 25 per cent of the country's labour force.

The value of industrial production in 1977 totalled \$11.2bn. The gross output per employee rose to \$37,000, of which one-quarter went into exports. The stock of fixed capital per employee stood at \$5.5bn, at the beginning of the year, or \$18,100 per employee. Although there was only a 2 per cent increase in the number of workers and a mere 1 per cent in the number of work hours, industrial output rose by 25 per cent in 1977. More important, whereas output for the domestic market increased by 4 per cent, that for export rose by 14 per cent, with the result that industrial exports soared by 30.9 per cent to just under \$2.5bn. for net.

This figure was equivalent—at fixed prices—to 15 times Israel's sales abroad of industrial goods in 1949, the year the State was established. It is hoped to increase industrial production by a further 7 per cent this year and to reach a growth rate of 9-10 per cent per annum before the end of the decade by encouraging investment, which is to reach \$500m. in fiscal 1978-79 (an increase of 7 per cent in real terms on 1976-77). Half this amount has been provided for in the State budget for the extension of loans and grants to so-called "approved enterprises" under the law for encouragement of capital investment. These loans and grants, available both for new enterprises and for expansion projects, vary in size according to the location of the plant. But the general criterion is a sizeable contribution to exports.

Growth

The main growth areas now and in the years to come will be chemical and plastic products on the one hand, and metal products, engineering, electrical, electronic and transport equipment, on the other. Haifa Shipyards engages in ship-repairing and construction both for the Israeli merchant fleet and the navy, as well as for export. Israeli Aircraft Industries, in addition to having developed the country's first fighter jet, makes civilian aircraft for sale abroad (the Westwind executive jet and the Arava all-purpose STOL, which comes in both a civilian and military version for use in outlying areas). Truck and bus bodies as well as maritime containers are made locally.

The large basic chemical enterprises are complemented by numerous small plants producing, inter alia, specialised technical products of plastic materials, paints, pharmaceuticals, pesticides. In the engineering field, Israel specialises in desalination units and solar energy installations.

FORECAST OF OUTPUT AND EMPLOYMENT BY MAIN BRANCHES 1977-85

	Lm. (1977 prices)		Average annual growth rate	Employment ('000)	
	Output		%	1977	1985
	1977	1985			
Tobacco, food, beverages	23,470	33,400	4.5	40.5	44.3
Textiles, clothing, leather goods	13,700	25,150	7.9	62.7	76.6
Wood, paper, and printing material	10,190	17,500	7.0	40.3	50.8
Mining, quarrying and non-metallic minerals	4,720	9,400	9.0	14.2	20.6
Chemicals, rubber and plastic products	23,195	47,150	9.3	25.4	34.4
Metal, engineering, electrical, electronic and transport equipment	31,710	21,000	12.4	110.3	162.0
Total	117,500	235,800	9.1	302.5	400.0

Source: Ministry of Industry, Commerce and Tourism.

Source: Ministry of Industry, Commerce and Tourism.

While there are one or two large firms, such as Soltam, which exported \$75m. worth of military hardware and other metal products last year, the majority of enterprises are of small or medium size, contributing anything from \$100,000 to \$10m. to the country's balance of payments, with the products ranging from novel water filters to computer-controlled weighbridges, and from material handling equipment to jigs, dies and machine tools. The last category provides a striking example of the diverse structure of Israeli industry. There are three plants in the Nahariya area—north of Haifa, near the Lebanese border—engaged in producing hard-metal cutting tools. The largest, for which the investment company of the Israel Discount Bank provided the necessary finance, is exporting \$5.5m. worth of such tools. Right next door is a wholly privately-owned firm, doing \$1.8m. worth of export business annually, while another \$1.7m. worth of tools are being produced by nearby Kibbutz Hanita—one of 200 industrial plants in Kibbutzim, which last year contributed over \$100m. to the country's export trade. Despite their diverse financial structure, the three plants are co-operating with each other, specialising in one particular section of the export market.

is seen as somewhat smaller than that of the former category. Diamonds will continue to be the largest single export item, but growth rates of well over 4 per cent are also seen for the fashion and leather goods industry (which last year brought in well over \$150m.) in addition to sales of yarn and cloth. The general trend over the past decade has been towards vertical integration, with the weight constantly shifting from yarn/cloth to finished high-quality fashion lines.

But exporters, as well as Israeli industry as a whole, are still trying to adjust to the new conditions created by the floating of the Israeli pound at end-October 1977 and the accompanying measures. Accustomed for years to fixed export premiums or "tax refunds" (which varied only in accordance with the net amount of foreign currency earned), and for the preceding two years to monthly devaluations of 2 per cent, producers were suddenly faced with the problem of an unpredictable rate for the Israeli pound (not to mention the fluctuations of the dollar, the currency in which prices for most Israeli industrial exports are quoted). Hardest hit have been industries with a large import component (with the exception of diamonds). Where as they used to pay \$11.50 per dollar for their imported raw materials and received anywhere between \$12.50-\$13.50 for their value added in dollars (with some plants in development areas setting an even higher rate), they were suddenly faced with a freely floating rate, for both exports and imports (initially \$15, as of now \$16.40 to the dollar). With prediction of a further fall in the value of the Israeli pound till end-1978, many producers are still trying to come to terms with the problem. Some companies claim that far from stimulating exports, the new economic policy is cutting into their profits due to the higher cost of raw material, as well as of other inputs. The logical result will be yet a further shift to industries based on local or locally produced raw materials or branches in which the import component is relatively low and expertise plays a major part.

The attention given to the electronics, engineering, chemical and science-based industries does not mean that other industries are neglected, but only that their rate of growth

Tourism makes steady progress

MILLION tourists visited Israel last year, marking a pin-point for an industry enjoying not only natural and historical advantages, and many handicaps, but also a natural tourism. It has religious, therapeutic, and sun-and-sea tourism, warm seas and long stretches of sandy beaches. But it also has fre-

quent wars—four since the state's foundation—and Palestinian guerrilla attacks. Because of the hostility of its neighbours, tourists to Israel have to be attracted from Europe and North America, making it a relatively costly destination.

It is the combination of all these elements which gives Israel its great potential growth as a tourism centre. In addition, all the attractions are within relatively short distances of each other. It is only an hour's drive from the holy sites of Jerusalem to the hedonistic pleasures of Tel Aviv's beaches and night clubs. The visitor to Nazareth is only half an hour away from the Sea of Galilee, which is not only a historical spot but also a vacation centre.

Even in winter, the holiday-maker can combine his visits to the holy places of Christianity, Judaism or Islam with a trip to Eilat on the Red Sea, and enjoy warm winter-sunshine unknown in the colder climes of Europe or most of North America.

These attractions have meant a great deal to Israel's exchequer. Tourism is today the country's leading net foreign currency earner. Income from last year's million tourists amounted to \$430m. Gross income from tourism made up 19 per cent of services exported, and 8 per cent of exports of goods and services combined. The industry provided employment for 50,000 people in its various branches. The main employers are the country's 293 hotels, with a total of 23,000 rooms.

The growth of tourism from 4,533 people in 1948 to 1,006,500 in 1977 was achieved in many mini-leaps upwards alternating with years of stagnation and even decline. The progress was determined primarily by events in the country and region, and more recently by developments in the world economy.

Drawback

An additional drawback has been the major shortage of trained manpower for the industry. So far the Government has refused to follow the practice of other countries by allowing the import of labour.

But the Government may alter its stance on this issue, just as it finally gave in to industry pressure to permit charter flights in the past couple of years. This has enabled the tour organisers abroad, especially in Europe, to offer less expensive package holidays in Israel.

Last year was the first full year of charter traffic, and 85,000 people took advantage of the new low rates. It is expected that the number will rise substantially this year and will continue to grow, bringing a new type of tourist to Israel who could never afford to come before.

The fears in some tourist circles at the beginning of the year—that with a 20-plus per cent growth rate the country would be unable to handle the traffic—have been eased somewhat by the very same factors which have hampered tourism growth in previous years. The war in Lebanon, continued Palestinian terrorist activity and recent labour troubles with the national airline have contributed to slowing down the growth rate.

The projected rise in tourism this year was borne out in the first few months, but travel agents and hoteliers are becoming doubtful whether last year's million tourist figure will be surpassed by much, if at all.

But this has been typical of the industry's growth and may well have been its saviour because the slowdown in growth will give the country sufficient breathing space to build the facilities to handle the increase.

The industry is highly sensitive to economic and political developments, making long-range forecasting difficult. But the government planners are still convinced that though it may have taken three decades to reach the first million tourists the country should be hosting 2m. visitors a year by 1985. Given a relative degree of political and military calm their forecasts may well prove to be correct.

or to a few Jews interested to see the rebirth of the Jewish homeland. To-day the number of such visitors has grown enormously and has been supplemented by the modern holiday-maker jetting in for his package of sun, sea and sand.

It is the combination of all these elements which gives Israel its great potential growth as a tourism centre. In addition, all the attractions are within relatively short distances of each other. It is only an hour's drive from the holy sites of Jerusalem to the hedonistic pleasures of Tel Aviv's beaches and night clubs. The visitor to Nazareth is only half an hour away from the Sea of Galilee, which is not only a historical spot but also a vacation centre.

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FARMING AND RAW MATERIALS

U.S. beef import plan attacked

CANBERRA, May 10. MR. MALCOLM FRASER, the Australian Prime Minister, said here that his Government would do all in its power to stop U.S. Senate legislation on beef imports from becoming law.

Mr. Fraser told Parliament he expected President Carter's commitment to cut inflation to prevail against the legislation when it came to using his power of veto.

The legislation would mean smaller imports of Australian beef, and higher prices for beef on the U.S. market. Australia's beef exports would be reduced by about 25 per cent.

The issue had been raised strongly by Vice-President Walter Mondale who was in Canberra on Monday.

Setback for tin prices

TIN PRICES fell on the London Metal Exchange yesterday reversing the recent sharp upward trend. Standard grade cash tin closed £120 down at \$8,486 a tonne.

The market opened higher encouraged by another rise in Peking overnight, where sales again had to be rationed in the face of strong demand. But the higher levels in London attracted substantial profit-taking sales, which triggered further selling on the way down.

Le Nickel to cut output

PARIS, May 10. Sources close to Le Nickel confirmed reports from Noumea in New Caledonia that the company has reduced its nickel output objective for this year to 4,000 tonnes, compared with a target of 75,000 tonnes and production of 51,400 last year.

M. Yves Rambaud, general director of Le Nickel, is in New Caledonia to discuss how the cuts can be made.

The reduction would probably be sought through cutting working hours.

The sources attributed the production cut to the low level of sales in the first quarter, to the unusually low dollar price for nickel and to the franc exchange rate against the dollar.

Sharp fall in cocoa market

BY JOHN EDWARDS, COMMODITIES EDITOR

"COCA PRICES fell sharply on the London futures market yesterday, ironically just when Ghana confirmed that its crop this season would be the lowest for 20 years.

Market sentiment was more affected by chart projections encouraging profit-taking sales by speculators in particular. In early trading there was sufficient manufacturer buying interests to hold prices steady. But once this was absorbed the selling pressure became too great and the market tumbled the premissible limit down near the afternoon close.

After a special call the July position eventually closed \$33.5 lower at \$1,711.5 a tonne.

The recent forecast by Gill and Duffus of a 90,000 tonnes surplus of production over demand this season, and hopes of a bigger Brazilian Temporo crop, appear to have convinced market traders that the fundamental supply-demand situation means lower prices in the months ahead.

once the nearby shortage eases. But there is no doubt that the decline in the Ghana crop is causing considerable concern.

The Ghana Cocoa Marketing Board confirmed yesterday that purchases of the 1977-78 main crop ended on May 4 with a total of 263,214 tonnes. This compares with a main crop of 309,785 tonnes in 1976-77.

Taking the mid-crop into consideration, total production for Ghana this season is forecast at 278,000 tonnes—the lowest since 1958 and less than half the peak production of 564,000 tonnes reached in 1964-65.

The U.S. Department of Agriculture yesterday issued a similar forecast of a decline in the Ghana crop to 275,000-290,000 tonnes. But it predicted that favourable growing conditions would enable the country to produce 1.5 million tonnes compared with 84,500 tonnes in 1976-77.

U.S. lowers winter wheat crop forecast

BY OUR OWN CORRESPONDENT

THE U.S. Department of Agriculture has reduced its forecast of winter wheat production this year to 1.25bn bushels. This is 400,000 bushels less than its last estimate produced in December, and 242m bushels or 18 per cent below the 1977 winter wheat crop.

The expected surge in buying interest, however, failed to materialise. When Chicago grain traders trading wheat prices barely budged from their low levels around \$3 a bushel.

Although the estimate came as something of a surprise—traders have been guessing lately between 1.32bn and 1.33bn bushels—liberal and widespread rain in the winter wheat region has improved the condition of the growing crops and possibly raised yield prospects.

In its first attempt at assessing Soviet grain output this year the department says if the weather is good, production should reach 217m tonnes—34m tonnes more than the newly revised estimate of 183m tonnes for 1977.

The department suggests imports will be between 12.5m and 18.5m tonnes compared with 19m in the current season.

Output of wheat and wheat flour is estimated at 110.3m tonnes if the weather is good and 89.7m tonnes if it is bad. Production of coarse grains is forecast between 106.7m tonnes and 93.5m tonnes, again depending on the weather.

For China the department forecasts a new season crop of wheat and coarse grains of 118m tonnes if conditions are favourable and 114m tonnes if not.

Both estimates show some improvement on the 108.8m tonnes the department reckoned the Chinese harvested last season.

Reuter reports from Moscow that Mr. B. B. Berglund, U.S. Agriculture Secretary and his Soviet counterpart Mr. Valentin Mesyats discussed increased technical co-operation in agriculture.

He also met Mr. Grigory Zolotarev, Minister for Purchases of Farm Products, and Mr. Nikolai Patolchev, Foreign Trade Minister.

Frost scare pushes coffee up

By Richard Mooney

THE BRAZILIAN "frost scare season" has got off to an even earlier start than usual this year. With the period of maximum risk still more than two months away rumours of a sharp fall in temperatures in the coffee growing areas started circulating in the London and New York Commodity markets yesterday.

Most professional dealers dismissed the reports as "far too early" and Brazilian coffee trade sources were quick to deny that there was any reason to fear for the safety of the crop. But futures prices still rose sharply and the July position on the London market climbed to \$145.5 a tonne before closing \$41 up on the day at \$145.55 a tonne.

"There is absolutely nothing abnormal about the weather in southern Brazil," one of the Brazilians declared. "The temperature is concerned," one Brazilian trader declared. "Others said temperatures were above 60 degrees in most of the area, except for an isolated region on the coast."

The main problem with the Brazilian weather at the moment is drought, which is restricting the size of the coffee beans. This recently led to a cut of about 15 per cent in local estimates of the country's crop.

The London coffee market moved higher yesterday even before the weather scare. The rise was attributed to fears of a shortage of nearby supplies for tendering against the May futures market position.

EEC raises sugar subsidy

THE Common Market Commission raised the maximum subsidy it is prepared to pay on EEC countries' sugar to 100% of the world market price.

Clearing the export of 82,250 tonnes of white sugar, compared with 54,100 tonnes last week, the Commission set the maximum restitution at 26 units of account a 100 kilos compared with 24,900.

Tanzania is due to hold a buying tender today for two cases of sugar. Trinidad is expected to hold a selling tender for 10,000 tonnes of raws to the U.S. on Friday, and on Tuesday Mauritius will tender 14,000 tonnes for sale to the U.S.

DANISH FISHING BLOCKADE Skippers bitter at quota cuts

BY HILARY BARNES

COPENHAGEN HAS not been so effectively blockaded since Nelson drew up in line of battle in Copenhagen Roads in 1802 and blew the Danish fleet out of the water. But this time it is the Danish fishing fleet expressing disapproval of the Government's lack of diplomatic finesse in agreeing to fisheries quotas which are too small to provide the fishermen with a livelihood.

The ruthless began last week when about 400 fishing vessels from the Baltic fleet, mostly from the island of Bornholm, massed in the port of Copenhagen. About 2,000 fishermen demonstrated outside the Folketing parliament building, demanding the resignation of Mr. Svend Jakobsen, Fisheries Minister, and calling for larger quotas and financial assistance.

The Bornholm fishermen are backed to the hilt by the rest of the island population. With about 900 fishermen and another 1,100 employed in the island's fish processing industry, about 20 per cent of the island's work force is dependent on the fisheries industry.

The cod quota for this year fixed by the Baltic Fisheries Commission is 173,800 tonnes, a reduction from 155,000 tonnes last year. The quota was reduced from 33,000 tonnes or 37 per cent of the total to 43,800 tonnes or 33 per cent.

The Danes were able to expand the quota by 11,000 tonnes last year with fish caught in Danish coastal waters which did not count against the quota.

wrath is directed about equally against the Jutland fishermen of the North Sea fleet, the Government, the EEC, and the fisheries biologists.

The Baltic fishermen deeply resent the fact that the Jutlanders themselves succeeded in the North Sea, have sent boats into the Baltic to catch fish which the Baltic fishermen regard as their due.

The Baltic fishermen's plight is exemplified by the reduction in their cod quota for 1978 to 47,000 tonnes. The quota in the Baltic was fixed last year by the International Baltic Sea Fisheries Commission acting on the advice of biologists. The quotas were recognised by the EEC, which only this year assumed the continuing competence for fisheries in the EEC's Baltic waters.

Although the biologists from all coastal nations were apparently consulted, the need to cut the catch in the Baltic, and especially the cod catch, the fishermen are convinced that stocks are ample and quotas far too small.

"The fish are dying of old age because we are not allowed to catch them," is one of the most quoted remarks attributed to the fishermen this week.

The Government has promised to call a meeting of the Baltic Commission in an attempt to obtain an improved quota and it is said that it will look at the distribution of existing quotas, speed up the work of a commission on the future of the fisheries industry, and consider temporary financial assistance.

This did not appease the fishermen, who demanded a positive response to their own demands by midnight last night as the price of calling off the blockade.

If the other countries agree to the Danish request for a bigger share of the catch, it is a fair bet that it will only be on the understanding that the Baltic nations, and more particularly Poland and East Germany, get as big a bite of the North Sea catch. This would naturally mean that there would be less fish for other nations in these waters.

So far the EEC has not reached even temporary agreements with the East European countries on fishing in each other's waters. One of the reasons for this is the Western European insistence that the East Europeans must sign agreements which contain a reference to the Berlin status as part of the EEC.

Former Fisheries Minister, Mr. Niels Anker Kofod, has warned that if Denmark tries to gain improved quotas in the Baltic through bilateral agreements with other northern nations it will alienate the entire EEC fisheries policy.

His argument is that Danish bilateral agreements with the East Europeans would set a precedent by which the U.K. would go it alone and ignore the requirements of the Common Fisheries Policy.

Traffic

Last Friday they underlined their demands with a four-hour blockade of all the ferry ports linking Copenhagen and the island of Zealand with the rest of the country.

To-day, with about 1,500 vessels involved, they repeated the blockade, but it lasted for eight hours and hit 20 ports. All sea links with Sweden, Norway and both Germanys as well as internal ferry traffic were cut.

The only important harbour not blocked was Esbjerg, the container port for traffic to the U.K. and the Baltic states. It was quickly received support from most Danish fishermen, their

strikes are still delaying wool export shipments

WASHINGTON, May 10. A COMPROMISE proposal stipulates that either the House or Senate could overturn a CFTC rule or regulation—but not an order—by adopting a resolution of disapproval within 10 days of its passage.

Mr. John Rainbolt, CFTC vice chairman, said that the compromise would give the Agency sufficient authority to set up a pilot commodity options trading programme if it chose.

That is a different attitude to that adopted by the Senate Agriculture Committee, which favoured a ban of most option trading outright, until the CFTC proved to the satisfaction of Congress that it could police the regulations properly.

The compromise committee compromise proposal U.S. companies, in the options business last Friday, who also deal in the physical commodity, could continue in business.

The compromise also provides for Congressional veto power. It below last year.

U.S. options compromise

WASHINGTON, May 10. THE U.S. Agriculture Department has announced an orange production at 322m boxes. This is up slightly from the April estimate but 9 per cent less than last season reports AP-Dow Jones.

Spring potato production was forecast at 18.9m cwt, up 1 per cent from April but 13 per cent below last year.

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PRICE CHANGES

Prices per tonne unless otherwise stated.

Commodity	May 10	1978	1977	Month
Aluminum	2580	2580	2580	
Copper	2580	2580	2580	
Gold	2580	2580	2580	
Iron	2580	2580	2580	
Nickel	2580	2580	2580	
Platinum	2580	2580	2580	
Silver	2580	2580	2580	
Tin	2580	2580	2580	
Zinc	2580	2580	2580	

COPENHAGEN, May 10.

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Breakthrough on seabed

GENEVA, May 10. THE UN conference on the law of the sea has made a significant breakthrough on its thirteenth issue.

Delegates from the U.S. and Canada, respectively the world's biggest commercial and producer of nickel, said they had agreed on fixed production ceilings for nickel from the seabed.

They had been wrangling over the issue since the present sea law conference—in its seventh session—started five years ago. Reuter

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Copper up, cocoa declines

NEW YORK, May 10. COPPER RALLIED after a sharp decline yesterday, but cocoa prices continued to fall.

Copper prices were up 10¢ to 110¢ a pound, while cocoa prices were down 10¢ to 110¢ a pound.

U.S. Markets

NEW YORK, May 10. The U.S. stock market closed higher yesterday, with the Dow Jones Industrial Average up 10 points.

The market was buoyed by strong earnings reports from several major companies.

FINANCIAL TIMES

May 10, 1978. The Financial Times reported a record high for the Dow Jones Industrial Average.

REUTERS

May 10, 1978. Reuters reported a record high for the Dow Jones Industrial Average.

DOW JONES

May 10, 1978. The Dow Jones Industrial Average closed at a record high of 1,100 points.

MOODY'S

May 10, 1978. Moody's reported a record high for the Dow Jones Industrial Average.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Barely changed in most sales on the London Metal Exchange. Forward metal used to 2700 on the spot market but then fell to 2715 in the afternoon. In the afternoon, this fell to 2715 in the afternoon. In the afternoon, this fell to 2715 in the afternoon.

GOLD NEWSLETTER

he International Bulletin giving up-to-the-minute information and advice on gold, silver and platinum markets, bullion, coins and jewellery, established twice monthly at £20 per year (USA \$40 from Gold Newsletter, 6 Chancery Lane, London WC2A 1DL).

CLUBS

EVE, 189, Regent Street, 734 0557. A club for gold, silver and platinum markets, bullion, coins and jewellery, established twice monthly at £20 per year (USA \$40 from Gold Newsletter, 6 Chancery Lane, London WC2A 1DL).

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6 Bloomsbury Square WC1A 2LP. Prescott Commodities Ltd is a leading commodity fund manager, offering a unique investment vehicle for diversifying your portfolio.

COFFEE

Robusta broke upwards in greatly improved mood on the London futures market. Little interest in the day's trading, however, and prices were flat.

RUBBER

Latex prices on the London futures market were flat. Little interest in the day's trading, however, and prices were flat.

SUGAR

SUGAR DAILY PRICES (raw sugar) were flat. Little interest in the day's trading, however, and prices were flat.

GRAINS

WHEAT—The U.K. Ministry of Agriculture has announced a record high for the wheat harvest.

SILVER

Silver was fixed 8.5p an ounce lower for spot delivery in the London bullion market. The price of silver was down 10¢ to 110¢ a pound.

COCOA

The market drifted in this trading. The price of cocoa was down 10¢ to 110¢ a pound.

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OFFSHORE AND OVERSEAS FUNDS

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FINANCIAL TIMES

Thursday May 11 1978

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Interior Minister resigns as Italy mourns Moro

By PAUL BETTS AND DOMINICK J. COYLE

SIGNOR FRANCESCO COSSIGA, the Italian Interior Minister, tendered his resignation tonight 24 hours after the body of Sig. Aldo Moro was dumped in the centre of Rome by the Red Brigades terrorist group.

The Interior Minister said tonight that the resignation was "irrevocable" though there was no immediate reaction from the office of Sig. Giulio Andreotti, the Prime Minister.

Sig. Cossiga has been coming under increasing criticism for the failure of the security forces to combat the latest wave of political violence sweeping Italy. Earlier today, in the 19th such attack in Italy this year, Sig. Franco Giacomazzi, a director of the giant chemical company Montedison, was shot in the legs.

Tonight Sig. Ugo La Malfa, the veteran leader of the Republican Party, called for a meeting of political parties directly supporting the Andreotti administration to review fully the Moro case and Sig. Cossiga's resignation.

In a four-page letter to the Prime Minister, Sig. Cossiga said Parliament now had to open an inquiry into the kidnapping. To

facilitate the inquiry, the Interior Minister wrote, he felt it necessary to resign.

He said the Government's stand throughout the 55-day kidnapping was the "only possible line" it could adopt. He added that he assumed his full moral and political responsibilities severely. The State now must intensify and renew the fight against terrorism.

News of Sig. Cossiga's resignation came as a special parliamentary session to pay tribute to Sig. Moro was taking place.

The discovery of Sig. Moro's body within yards of both the Christian Democrat Party headquarters and the Communist Party headquarters has provoked intense indignation and a sense of profound outrage in Italy.

The Government is now believed to be planning much tighter security for public buildings, including Parliament itself, and the control centres of major public utilities.

Sig. Andreotti told Parliament tonight that the assassination by the Red Brigades terrorists of the efforts of conciliation now in force in Italy, an oblique refer-

ence to the new and still controversial governing relationship between the Italian Democrats and the Communists.

The Prime Minister's intervention before the Chamber of Deputies was both brief and delicately balanced. It followed a tribute to Sig. Moro by Sig. Pietro Ingrao, the President of the Chamber.

Sig. Andreotti insisted that the laws of the State were adequate to protect its institutions, and that it was solely to the electorate—and not by implication, to the terrorist group—that the Government had to respond.

This reference to the electorate was aimed at more than 4m. Italians scheduled to vote in important local elections on Sunday, when the Christian Democrats could pick up a strong sympathy vote after the murder of Sig. Moro, the party's president.

Sunday's elections pose a dilemma for Sig. Andreotti. If the Christian Democrats advance the poll at the expense of the Communists, the present governing alliance could be undermined.

This would clearly not suit the short-term political strategy of

Sig. Andreotti who, for the moment, can find no other governing alternative. An early general election is ruled out on constitutional grounds, owing to the early termination of the presidency of Sig. Giovanni Leone.

Sig. Andreotti is understood to favour an early vote in Parliament on a range of new and reinforced security measures introduced by decree law in the immediate aftermath of Sig. Moro's kidnapping on March 16. Some 3,000 amendments have been tabled at committee hearings in both the Senate and the Chamber, but in the present climate the Government should have no difficulty in securing speedy approval.

The amendments have been put forward almost entirely by the neo-Fascist Right, which is essentially demanding tougher measures, and the fractional groups on the political left who complain about threats to individual rights. However, the principal parties supporting the Government have reached broad agreement.

Compromise, Page 3

BASF to invest more overseas

By Guy Hawtin

FRANKFURT, May 10.

BASF, one of West Germany's leading chemical groups, is to implement a complete about turn in its investment policy. Prompted by the steady appreciation of the Deutsche Mark against the currencies of competitor nations, the company is to channel an increasing proportion of its capital investment overseas.

It seems clear that the decision was taken very reluctantly. During the 1975 chemical recession, when its two leading competitors, Bayer and Hoechst, announced that their investment emphasis would be overseas, BASF rejected suggestions that it would also change direction.

Professor Matthias Seefelder, then said that West Germany would continue to be the focal point of the group's capital investment programme. Although competitors in Europe and the US enjoyed advantages from indigenous raw materials supplies, he said, BASF remained confident in the future. Availability of raw materials, however, has not prompted BASF's move. The rise in the value of the D-Mark, particularly against the dollar, has increased West German overheads so much that, despite increased overseas sales, earnings from exports have fallen sharply.

Professor Seefelder said that the trend now would be for more and more investment to be channelled overseas. The target areas would be North America, which currently accounts for 31 per cent. of BASF's foreign investment; South America, particularly Brazil, currently 14 per cent.; and Japan, which has received most of the 4 per cent. of BASF's foreign investment allocated to the Far East.

Last year BASF's investment overseas was worth DM 2,860m. (\$1,350m.) and accounted for only 12 per cent. of the concern's total investment. The new programme should bring this proportion up to 16 to 17 per cent. of the total within five years.

One reason for the decision to step up overseas investment could be the group's anxiety about the developing mood of protectionism in international trade.

Dr. Erich Beekel, executive board member in charge of operations outside Europe, said: "It is evident that structural changes are occurring in world trade that will damage the competitive position of German chemical exports. Countries which were formerly significant markets for chemical products exported by industrial countries, are in some cases becoming exporters themselves."

Bleak prospects, Page 29

U.K. likely to retain standby credit

By David Freud

THE U.K.'s standby credit from the International Monetary Fund is likely to remain available for the rest of the year. Talks between the Treasury and a Fund team start today. The credit has been available since the financial crisis at the end of 1976. The Government signed a Letter of Intent agreeing to a series of restrictive monetary policies, the guidelines of which were re-affirmed last December.

About half the \$4.1bn. credit was drawn and there is still more than \$1bn. outstanding. Earlier this year, in the light of the favourable financial environment, there was speculation that the Government might cut the standby and the Fund's oversight of its policies.

Now a decision to relinquish the standby appears increasingly unattractive because of the possible harmful effects on confidence in the nervous state of the foreign exchange market. The Government is likely to let the standby run its full course until January 2.

The official position is that the U.K.'s responsible policies would continue in force even if the standby was ended.

Continuation of the standby would require new targets on domestic credit expansion and the public sector borrowing requirement.

Such targets could be accommodated without any effective change in Government policy. The £8.5bn. borrowing expectation announced in the Budget for 1977-78 was in effect formed into a ceiling by the Chancellor this week.

Similarly, the Chancellor's forecast of a 2.5m. domestic credit expansion is likely to be within the Fund's requirements.

THE LEX COLUMN

Malaysian merger for Harrisons

Although the stock market reacted calmly to the overnight monetary news, with long gilts rallying later in the day, the money market remains unsettled. At the very least the discount houses will be expecting a signal to-day—with market rates indicating MLR of at least 9 per cent. — and there is a possibility of more comprehensive measures emerging from the Bank of England to-day.

Much will depend on the preliminary April trade figures which the authorities will now have in their hands. If these are good the Bank will have reason to hope that confidence can be restored to the gilt-edged market on publication next Monday without further action. If the trade returns are clearly bad, however, the authorities may decide on more drastic initiatives to show they have a grip on a deteriorating situation. The options include the return of the banking "corset" a more aggressive gilt-edged selling effort involving still higher interest rates, and the introduction of some new funding device.

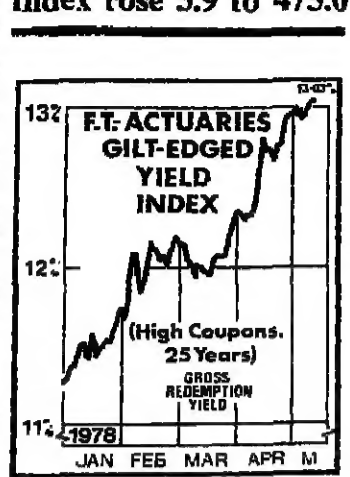
Harrisons/HME

The recent buoyancy of the share price of Harrisons Malaysian Estates (HME) indicated that something was afoot and yesterday's £116m. bid from Harrisons and Crosfield is no great surprise. Ever since Genting Highlands, a fun-loving Malaysian casino operator, popped up with a cheeky bid for Golden Hope last year, the H and C camp has been fending off unwanted suitors. This latest move must be viewed very much as a defensive gesture. If H and C can win control of HME it will be able to negotiate with the Malaysian Government from a position of strength and it will not be bothered by noisy minorities.

For the H and C shareholder the move has its attractions. The merged group will be one of the largest plantation companies in the world and the 88 per cent. increase in the dividend means that at 487p the share is on a prospective yield of 6.8 per cent. — one and a half percentage points above the yield on Inchcape, for instance.

HME shareholders have had a good run for their money with the share price nearly doubling over the last year. HME's net asset value per share is

Index rose 3.9 to 475.0



reckoned to be of the order of 80p (against a current bid value of 97p) while HME is contributing 43 per cent. of combined earnings and receiving 57 per cent. of the equity in return. In addition, the dividend will be increased by around a third. The more adventurous shareholders could opt not to accept the bid and go out to Malaysia with the rest of HME when the time comes, thereby benefiting from the investment currency premium. But there is no way of judging how marketable the stock will be locally, especially since 10 per cent. of the new Malaysian company is going to be placed at a substantial discount with local investors.

Meanwhile ex-shareholders of Harcos, bought by H and C a few months ago, may wonder how the trust's stakes in both London Sumatra and now HME can have so quickly shot up in value through bids.

Royal Insurance

The market was not expecting fireworks from Royal Insurance, and it did not get them: the severe weather in the U.K. and North America saw to that, and Royal did not get the modest protection enjoyed by Commercial Union from its extreme weather provision. So although Royal moved from a corresponding 58.5m. U.S. underwriting loss in January-March to an \$0.5m. profit over the period, there was a rather greater overall deterioration in other territories, leading to an aggregate loss on underwriting of £1.1m. against a £1m. profit. With investment income up a tenth, however, total pre-tax

profits have improved slightly from £27.5m. to £28.6m.

The improving trend in the U.S. reflects the benefit of rate increases, while the cutback of unprofitable lines taken two or three years ago continues to come through in the accounts. The commercial side of the U.S. operations now looks satisfactory, and but for the bad weather the personal side would also have been good. The natural disasters which afflict the insurance industry from time to time came this year in the U.K., however, and Royal—with its large personal household account—felt the effects in the first quarter.

Projecting forward, the indications are that the group's pre-tax profits are only going to be slightly higher than in 1977. The market is looking for perhaps a £10m. improvement on last year's £134m. The share price shed 6p on the news to 370p, where the yield is 6.7 per cent.

Akroyd & Smithers

Akroyd & Smithers' joyride in the 1977 gilt market ended with its financial year last September. Its first half loss of £2.5m. pre-tax to March 1978 compares with £10m. profit in the equivalent period a year earlier. Akroyd started it with a clear bull position in gilts but undermined by poor money supply and trade figures, the FT Government securities index fell by 5.3 per cent. over the period while the All-Share Index lost 7 per cent. If jobs had been the monetary strategy of the authorities too easily a year earlier they now found it obscure. Akroyd's skill lay in holding the loss as low as it did.

Things have got better in the first month of the second half. It saw the beginning of Akroyd's trading in Kaifans, an options, but these had only minimal impact. April was dominated by the Budget as Akroyd was not let down by its bearish assessment of the sequences: the gilts index has since dropped another 4 per cent. to a new low. By way of contrast the equity market picked up 4 per cent. since the end of March. But even with business levels improving Akroyd does not disguise how difficult it now is to make money trading equities in a volatile market dominated by institutions.

Agreed £116m. bid for Malay estates

By James Bartholomew

HARRISONS and Crosfield announced yesterday an agreed £116m. bid for the 73.6 per cent. of Harrisons Malaysian Estates which it does not own.

Harrisons and Crosfield built up its stake from 16.4 per cent. at the beginning of this year. Associates of the company own a further 5.1 per cent.

The combined group if the merger is successful would be the third largest plantation group in the East.

Mr. Thomas Prentice, chairman of Harrisons and Crosfield, said that the bid was the only way to safeguard the company's interests. In recent months several plantations had received unwelcome attention from third parties.

McLeod Russel made a bid for Malaysian Plantations in 1977 and McLeod Russel for London Sumatra in January.

Harrisons Malaysian Estates is negotiating with the Malaysian Government over transfer of the company to that country and sale of some of its shares to local investors. This sale would dilute the company's stake in the estates.

But if the merger goes through, Harrisons and Crosfield will be able to retain its commanding interest despite "Malayisation".

The Malay authorities refused to comment on the new proposals until more details were available.

Mr. Prentice said that the merger should not be seen as hostile in the Malaysian Government. Aspects of it were designed in appeal to the authorities there.

Terms of the offer are one Harrisons and Crosfield share for every five shares of Harrisons Malaysian Estates.

Harrisons and Crosfield has received Treasury consent in the context of the merger to increase its dividends by 88 per cent. to 21.75p net per share.

In the stock market yesterday Harrisons shares fell 13p to 487p and Estates shares rose 7p to 97p.

Background to bid, Page 28

Continued from Page 1

Doctors

considerable unrest in the profession. Junior hospital doctors, traditionally the most militant, get only a 4.5 per cent. increase plus some improved fringe benefits. A top consultant, however, will get more than 19 per cent. extra.

The Review Body points out that junior hospital doctors have not fared too badly since the introduction of a new contract. "But consultants have fared particularly badly over the same period, and most general medical practitioners and general dental practitioners have not done much better," it adds.

The report also attacks the effects of pay policy on doctors' and dentists' pay. It says that the anomalies and injustices caused are "greater than in almost any other single field." This is the main reason for the "serious decline in morale of the medical and dental professions over the last three years."

It warns: "If this decline is not reversed, the consequences for the National Health Service and for the community as a whole will become increasingly serious."

The cost of the 10 per cent. rise this year is £62m., which has already been allowed for in the Government's public spending programme. The remaining increases will cost another £135m.

Review Body on Doctors' and Dentists' Remuneration. Eighth Report 1975. SO, CI 69.

Tougher rules on mergers urged in Green Paper

By Christine Moir

A TOUGHER attitude to mergers based firmly on the need to preserve competition was unveiled in a Government Green Paper on Mergers and Acquisitions published yesterday.

The Green Paper calls for stronger powers to control groups of companies which dominate individual markets and recommends in principle the merger of the Price Commission and the Monopolies Commission to secure this.

However, the Green Paper, prepared by an inter-departmental group, falls short of recommending a complete reversal of the present burden of proof in merger cases. Companies should not be required to prove that mergers were in the public interest before being permitted to go ahead, the report concludes.

Rather, the Government should shift towards "an essentially neutral approach, with greater emphasis on competition."

The first step in the merger vetting process would be to establish whether the merger would result in a "significant reduction of competition." If it would, "we should then look critically at the prospects of benefits accruing to the economy."

Unless the participants could provide "convincing evidence of offsetting benefits and the probability of their achievement," the merger would probably be referred to the Monopolies Commission.

In practice this might result in about four times as many

mergers being referred to the Monopolies Commission as at present. Mr. Hans Liesner, chairman of the review group, said yesterday. But the basis for referral need not be changed very much.

As at present the guidelines for judging a significant effect on competition would be where the combined market share of the two companies would exceed 25 per cent. of the U.K. market or where either the bidding company or its target already had a 25 per cent. share.

The report does recommend that referral to the Monopolies Commission should not now be triggered off unless the cross assets which are to be taken over exceed £5m. rather than the present £3m.

The new emphasis on competition would mean an amendment to the Fair Trading Act, 1973, which, the report says, should be backed up by clear non-statutory guidelines for the Mergers Panel.

The group also studied the problem of more effective control of monopolies and oligopolies—small groups of companies which effectively control a particular market. More study is still required before a policy can be formulated, the group said, but under the present rules certain anti-competitive trade practices are difficult to prevent.

Already the Price Commission operates to control some of these practices and "in principle we consider that there would be an

advantage in bringing the Monopolies Commission and the Price Commission together," the report adds.

Mr. Roy Hattersley, Secretary for Prices and Consumer Protection, said the Green Paper yesterday, said he was "personally enthusiastic" about the new policy.

However, he could give no date for any possible legislation arising out of it. The group would hear submissions on mergers until October and would accept initial representations on monopolies until July. It was unlikely that a Bill could begin to be drafted before next year.

John Elliott, Industrial Editor writes: The Confederation of British Industry is likely to oppose any idea of merging the Monopolies and Mergers Commission with the Price Commission. If this would lead to a strengthening of existing price controls.

The Confederation said last night that such an event would be "extremely dangerous." Industrialists are extremely critical of the way the Price Commission has been conducting some of its investigations into companies, and they would not, therefore, want to see the Price Commission's powers increased to match those of the Monopolies Commission.

A Review of Monopolies and Mergers Policy. A Consultative Document. Cmd.7198. SO, C.85.

Mergers policy, Page 22

Civil servants move to the Left

By Philip Bassett, Labour Staff

CONTROL OF Britain's largest Civil Service union, the Civil and Public Services Association, is being seized by the far Left yesterday.

At the union's annual conference in Brighton yesterday, the Left won 78.8 per cent. of the votes for the national executive election, to swing the balance of power on the executive to 2:1 in its favour, including two Left-wing vice-presidents elected earlier this week.

The executive had been divided 16:12 for the underdogs, with a Left-wing and a Right-wing vice-president.

Far left candidates, from the Communist Party, the Socialist Workers Party and Trotskyists, took 13 of the executive's 28 seats. With the election of a Communist Party member as vice-president, the results mark the biggest ever majority the Left has held in the union.

Although the association, which represents mainly clerical grades, has always been politically volatile, yesterday's swing in sharp contrast the move to the Right—under postal balloting—in the Amalgamated Union of Engineering Workers.

It means that the prospect of a Civil Service revival, if wage controls are extended, looks large and that the Government's offer of a closed shop with wide exemptions has even less chance of being accepted.

Mr. Ken Thomas, the association's general secretary, said the Leftward swing was a reaction by the membership against the restrictions of Government industrial policy.

Earlier, Mr. Thomas told the conference he would be rejecting the Government's new proposals for a closed shop for basic grade civil servants.

He would ask the TUC general council to press the Government to change the proposals, particularly a condition on balloting non-union staff as well as union members on the issue. Industrial action had not been ruled out, he said.

Commenting on the Government's closed shop offer, Mr. James Prior, shadow Employment Secretary, said last night: "In some respects this seems to be more than meet to our objections to the closed shop."

● A permanent incomes policy would leave civil servants "permanently resentful and angry," Mr. Gerry Gillman, general secretary of the Society of Civil and Public Servants, told its conference in Bournemouth. It would leave the service behind the private sector, with which civil servants were supposed to maintain parity.

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Benn seeks more control

This means that companies could pay up to £37.50 per square kilometre a year in future.

Companies are reserving public comment until they have studied the document. The U.K. Offshore Operators' Association, which represents North Sea operating groups, expects to present the industry's views to Government within the next few weeks.

However, Mr. George Williams, director-general of the association, speaking in a personal capacity, said last night: "The Government are seeking even more involvement than the 51 per cent. which we have always thought was their stated objective. We are bound to ask: when will their appetite be satisfied?"

Exploration conditions were becoming more difficult. The

best fields had been found and the industry was being forced into deeper, more remote waters. "Instead of providing the industry with additional incentives for increasing exploration in the national interest, the proposals do the other way," he said.

Mr. Tom King, the Tory energy spokesman, said last night: "The recent suggestions that Government policy was aimed at excluding all private companies from the North Sea now look to be much closer to the truth than it might have previously appeared."

Nobody challenges the need for proper British control. What is seriously at issue is whether Mr. Benn's proposals will be used by the American offshore oil industry to the progress of the U.S.

The draft conditions tended to play into the hands of the major international companies which had the resources to pay the oil corporation's costs. "It looks like a further major setback for the development of British independent companies."

The Government is hoping to conclude its consultations with the oil industry by the end of next month. This will allow the flexibilities to be formally offered this summer.

Mr. Benn also spoke out yesterday against U.S. Government plans to extend the Jones Shipping Act to make sure that all supply boats and other vessels used by the American offshore oil industry are registered in the U.S.

Weather

U.K. TO-DAY

DRY with sunny periods.

London, Cent. S., Cent. N. England, Midlands, Channel Islands, S.W. England, S. Wales

Dry, sunny periods. Max. 18C or 19C (64F or 66F).

S.E. England, E. Anglia, E. and N.E. England

Dry, sunny periods. Max. 18C (64F). 10C (50F) on coasts.

N. Wales, N.W. England, Lakes, Isle of Man

Dry, cloudy, sunny intervals. Max. 14C (57F).

Borders, Moray Firth, N.E. Scotland

Mainly dry, cloudy. Max. 12C (54F). 8C (46F) on coasts.

Cent. Highlands, N.W. S.W. Scotland, N. Ireland

Cloudy occasional rain. Max. 12C (54F).

Outlook: Cooler with outbreaks of rain.

BUSINESS CENTRES

City	Temp	Wind	Cloud
Alexandria	24	10	10
Amman	20	10	10
Algiers	20	10	10
Antwerp	18	10	10
Bahia	28	10	10
Barcelona	18	10	10
Beirut	25	10	10
Bombay	28	10	10
Buenos Aires	18	10	10
Calcutta	28	10	10
Cairo	28	10	10
Canton	28	10	10
Cebu	28	10	10
Colon	28	10	10
Hankow	28	10	10
Hong Kong	28	10	10
Kobe	28	10	10
London	18	10	10
Lyons	18	10	10
Manila	28	10	10
Medan	28	10	10
Osaka	28	10	10
Paris	18	10	10
Rangoon	28	10	10
San Francisco	18	10	10
Singapore	28	10	10
Sourabaya	28	10	10
Taipei	28	10	10
Tokyo	28	10	10
Yokohama	28		